

# Unaudited Financial Statements for the year ended 31 December 2022

**UPDC PLC RC.321582**

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Directors: Mr. O. Oshin (Chairman), Mr. O. Ojo (CEO), Ms. B. Fadayomi (DD), Mr. F. Aiyesimoju, Mr. K. Osilaja, Mr. A. Falade

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**UPDC Plc**  
**Financial Statements**  
**For the year ended 31 December 2022**  
**Performance Highlights**

	The Group			The Company		
	31 Dec 22 N'000	31 Dec 21 N'000	% Change	31 Dec 22 N'000	31 Dec 21 N'000	% Change
Revenue	5,889,888	825,404	614	3,868,800	540,563	616
Operating profit/(loss)	768,169	(897,748)	186	779,649	(7,783,416)	110
Net finance cost	(436,768)	(718,053)	39	(444,249)	(718,778)	38
Profit/ (loss) before taxation	331,401	(1,615,801)	121	335,400	(8,502,194)	104
Taxation	(132,006)	(142,969)	8	(29,664)	(75,717)	61
Loss from discontinued operations	-	(116,286)	100	-	-	
Profit/(loss) for the year	199,395	(1,875,056)	111	305,736	(8,577,911)	104
Total comprehensive profit/(loss) for the year	5,946	(2,015,140)	100	112,287	(8,717,995)	101
Total Equity	8,738,951	8,018,068	9	968,728	854,502	13
Total equity and liabilities	18,912,990	19,596,232	(3)	10,847,569	10,966,480	(1)
Cash and Cash equivalents	3,079,542	1,878,320	64	2,530,547	1,329,891	90
Basic Profit/(Loss) Per Share (Kobo)	1	(10)	111	2	(46)	104
NSE quotation as at December 31 (kobo)	91	119		91	119	
Number of shares in issue ('000)	18,559,970	18,559,970		18,559,970	18,559,970	
Market capitalisation as at December 31 (N'000)	16,889,573	22,086,364		16,889,573	22,086,364	


**UPDC Plc**
**Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 December 2022**


	Notes	The Group				The Company			
		3 months ended	12 months ended	3 months ended	12 months ended	3 months ended	12 months ended	3 months ended	12 months ended
		31 Dec 22 N'000	31 Dec 22 N'000	31 Dec 21 N'000	31 Dec 21 N'000	31 Dec 22 N'000	31 Dec 22 N'000	31 Dec 21 N'000	31 Dec 21 N'000
Revenue	5 (i)	3,799,902	5,889,888	210,665	825,404	3,208,349	3,868,800	131,493	540,563
Cost of sales	7	(2,903,907)	(4,223,183)	(155,761)	(685,126)	(2,568,794)	(2,952,935)	(133,421)	(604,918)
<b>Gross profit</b>		<b>895,995</b>	<b>1,666,705</b>	<b>54,904</b>	<b>140,278</b>	<b>639,555</b>	<b>915,865</b>	<b>(1,928)</b>	<b>(64,355)</b>
Profit/(Loss) on disposal on investment properties	15	-	-	31,020	284,734	-	-	31,020	284,734
Selling and distribution expenses	7	(36,358)	(80,562)	(9,907)	(46,420)	(33,382)	(69,535)	(4,968)	(39,705)
Administrative expenses	7	(428,474)	(1,264,422)	(296,800)	(862,103)	(190,156)	(611,936)	(263,976)	(773,490)
Other operating income	6	92,403	288,150	217,356	310,762	247,673	386,957	54,169	98,608
Credit Loss (expenses)/reversal	9	158,298	158,298	(382,278)	(724,999)	158,298	158,298	(6,946,487)	(7,289,208)
<b>Operating profit/(loss)</b>		<b>681,864</b>	<b>768,169</b>	<b>(385,705)</b>	<b>(897,748)</b>	<b>821,988</b>	<b>779,649</b>	<b>(7,132,170)</b>	<b>(7,783,416)</b>
Finance income	8	19,104	84,664	4,624	45,654	19,104	77,183	3,899	44,929
Finance cost	8	(127,941)	(521,432)	(190,461)	(763,707)	(127,941)	(521,432)	(190,461)	(763,707)
Net finance cost		(108,837)	(436,768)	(185,837)	(718,053)	(108,837)	(444,249)	(186,562)	(718,778)
<b>Profit/ (loss) before taxation</b>		<b>573,027</b>	<b>331,401</b>	<b>(571,542)</b>	<b>(1,615,801)</b>	<b>713,151</b>	<b>335,400</b>	<b>(7,318,733)</b>	<b>(8,502,194)</b>
Taxation	10	(83,008)	(132,006)	(48,922)	(142,969)	(25,665)	(29,664)	(21,706)	(75,717)
<b>Profit/(loss) from continuing operations</b>		<b>490,019</b>	<b>199,395</b>	<b>(620,464)</b>	<b>(1,758,770)</b>	<b>687,486</b>	<b>305,736</b>	<b>(7,340,439)</b>	<b>(8,577,911)</b>
<b>Discontinued operations</b>									
Loss from discontinued operations	31	-	-	(72,921)	(116,286)	-	-	-	-
<b>Profit/(loss) for the year</b>		<b>490,019</b>	<b>199,395</b>	<b>(693,385)</b>	<b>(1,875,056)</b>	<b>687,486</b>	<b>305,736</b>	<b>(7,340,439)</b>	<b>(8,577,911)</b>
<b>Other comprehensive income:</b>									
<i>Items not to be subsequently recycled to profit or loss:</i>									
Net changes in fair value of financial assets	17	(13,341)	(193,450)	(153,425)	(140,084)	(13,341)	(193,450)	(153,425)	(140,084)
Tax on other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive profit/(loss) for the year</b>		<b>476,678</b>	<b>5,946</b>	<b>(846,810)</b>	<b>(2,015,140)</b>	<b>674,145</b>	<b>112,287</b>	<b>(7,493,864)</b>	<b>(8,717,995)</b>
<b>Profit/ (loss) attributable to:</b>									
Equity holders of the parent		473,215	163,042	(697,155)	(1,926,111)	674,145	305,736	(7,340,439)	(8,577,911)
Non controlling interest		3,463	36,353	3,770	51,055	-	-	-	-
<b>Total profit/(loss)</b>		<b>476,678</b>	<b>199,395</b>	<b>(693,385)</b>	<b>(1,875,056)</b>	<b>674,145</b>	<b>305,736</b>	<b>(7,340,439)</b>	<b>(8,577,911)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>									
Equity holders of the parent		473,215	(30,407)	(850,580)	(2,066,195)	674,145	112,287	(7,493,864)	(8,717,995)
Non controlling interests		3,463	36,353	3,770	51,055	-	-	-	-
<b>Total comprehensive profit/(loss)</b>		<b>476,678</b>	<b>5,946</b>	<b>(846,810)</b>	<b>(2,015,140)</b>	<b>674,145</b>	<b>112,287</b>	<b>(7,493,864)</b>	<b>(8,717,995)</b>
<b>Earnings per share for profit/(loss) attributable to the equity holders of the group:</b>									
<b>Basic Profit/(Loss) Per Share (Kobo)</b>									
From continuing operations	12	3	1	(5)	(9)	4	2	(40)	(46)
From discontinued operations	12	-	-	-	(1)	-	-	-	-
From profit/(loss) for the year		3	1	(5)	(10)	4	2	(40)	(46)
<b>Diluted Profit/(Loss) Per Share (Kobo)</b>									
From continuing operations	12	3	1	(5)	(9)	4	2	(40)	(46)
From discontinued operations	12	-	-	-	(1)	-	-	-	-
From profit/(loss) for the year		3	1	(5)	(10)	4	2	(40)	(46)


**UPDC Plc**  
**Consolidated and Separate Statement of Financial Position**  
**At 31 December 2022**

	Notes	The Group		The Company	
		31 Dec 22 N'000	31 Dec 21 N'000	31 Dec 22 N'000	31 Dec 21 N'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	8,352,262	49,928	28,744	31,402
Intangible assets	14	30,460	16,389	10,970	14,315
Investment properties	15	-	-	-	-
Investments in joint ventures	16 (ii)	130,393	130,393	129,589	129,589
Equity instrument at fair value	17	400,240	593,690	400,240	593,690
Investments in subsidiaries	18	-	-	1,719,716	1,719,716
		8,913,355	790,400	2,289,258	2,488,712
<b>Current assets</b>					
Inventories	19	4,874,529	6,084,508	3,927,220	4,468,168
Trade and other receivables	20	1,917,801	2,659,414	1,972,783	2,582,801
Current tax assets	10 (i)	127,762	96,908	127,762	96,908
Cash at bank and in hand	21	3,079,542	1,878,320	2,530,547	1,329,891
		9,999,634	10,719,150	8,558,311	8,477,768
Assets of disposal group classified as held for sale/distribution to owners	31	-	8,086,682	-	-
<b>Total assets</b>		<b>18,912,990</b>	<b>19,596,232</b>	<b>10,847,569</b>	<b>10,966,480</b>
<b>Equity</b>					
Share capital	27	9,279,985	9,279,985	9,279,985	9,279,985
Share premium	27 (i)	8,971,551	8,971,551	8,971,551	8,971,551
Fair value reserve of financial assets at FVOCI		(166,767)	26,683	(166,767)	26,683
Other reserves		391,420	391,420	391,420	391,420
Revenue reserve		(9,776,153)	(10,654,133)	(17,507,461)	(17,815,137)
<b>Equity attributable to equity holders of the Company</b>		<b>8,700,036</b>	<b>8,015,506</b>	<b>968,728</b>	<b>854,502</b>
Non controlling interest		38,915	2,562	-	-
<b>Total equity</b>		<b>8,738,951</b>	<b>8,018,068</b>	<b>968,728</b>	<b>854,502</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Interest bearing Loans and Borrowings	22	4,368,232	5,511,653	4,368,232	5,511,653
Deferred taxation liabilities	26	72,537	72,537	72,537	72,537
		4,440,769	5,584,190	4,440,769	5,584,190
<b>Current liabilities</b>					
Trade and other payables	19	5,488,185	4,561,683	5,298,718	4,350,646
Current income tax liabilities	10	146,475	145,784	40,742	78,532
Deferred revenue	20	98,610	98,610	98,610	98,610
		5,733,270	4,806,077	5,438,071	4,527,788
Liabilities of disposal group classified as held for sale/distribution to owners	31	-	1,187,897	-	-
<b>Total liabilities</b>		<b>10,174,039</b>	<b>11,578,164</b>	<b>9,878,840</b>	<b>10,111,978</b>
<b>Total equity and liabilities</b>		<b>18,912,990</b>	<b>19,596,232</b>	<b>10,847,569</b>	<b>10,966,480</b>

The unaudited financial statements were approved by the board of directors on 30 January 2023 and signed on its behalf by:

  
 Wole Oshin  
 Chairman  
 FRC/2013/CIIN/00000003054

  
 Odunayo Ojo  
 Chief Executive Officer  
 FRC/2016/NIESV/00000014322

  
 Olugbenga Fagbami  
 Financial Controller  
 FRC/2018/ICAN/00000018050

**UPDC Plc**  
**Consolidated and Separate Statement of Cash Flows**  
**For the year ended 31 December 2022**

	Notes	The Group		The Company	
		31 Dec 22 N'000	31 Dec 21 N'000	31 Dec 22 N'000	31 Dec 21 N'000
<b>Loss before tax</b>		<b>331,401</b>	<b>(1,615,801)</b>	<b>335,400</b>	<b>(8,502,194)</b>
<b>Adjustment for non cash items:</b>					
Depreciation	13	36,883	15,300	9,961	8,971
Deferred rental income	25	-	(12,753)	-	(12,753)
Credit loss expense	9	(158,298)	724,999	(158,298)	7,289,208
Amortization of intangible asset	14	4,853	3,622	3,346	3,038
Other income	6	-	(143,394)	-	-
(Gain)/loss on disposal of investment properties (net of expense)	15	-	(284,734)	-	(284,734)
Impairment of Inventories (AUC)	19	-	18,783	-	18,783
Profit on disposal of property, plant and equipment	6	-	(12,595)	-	(12,595)
Finance cost	8	521,432	763,707	521,432	763,707
Finance income	8	(84,664)	(45,654)	(77,183)	(44,929)
Exchange (gain)/loss	7	(494)	56,844	(494)	56,844
		<b>651,113</b>	<b>(531,677)</b>	<b>634,164</b>	<b>(716,654)</b>
Changes in working capital:					
(Increase)/decrease in inventories		1,209,979	(1,163,370)	540,948	452,970
Decrease/(increase) in receivables		869,057	763,612	737,459	627,887
Increase/(decrease) in payables		273,742	(1,065,014)	902,361	(1,028,777)
Decrease in deferred revenue		-	1,930	-	1,930
<b>Cash flow (used in)/from operating activities</b>		<b>3,003,892</b>	<b>(1,994,518)</b>	<b>2,814,932</b>	<b>(662,645)</b>
Tax paid	10	(129,014)	(116,873)	(65,145)	(114,970)
VAT paid		(56,603)	(142,710)	(27,582)	(116,320)
<b>Net Cash inflow from operating activities</b>		<b>2,818,275</b>	<b>(2,254,101)</b>	<b>2,722,205</b>	<b>(893,935)</b>
<b>Cash flow from investing activities</b>					
Proceeds from sale of investment property	15	-	1,427,433	-	1,427,433
Purchase of property, plant & equipment	13	(110,283)	(34,734)	(7,302)	(33,844)
Purchase of intangible asset	14	-	(13,412)	-	(13,412)
Proceeds from sale of property, plant and equipment		-	13,207	-	13,207
Investment in subsidiary	18	-	-	-	(1,611,697)
Interest received	8	84,664	45,654	77,183	44,929
<b>Net cash flow from investing activities</b>		<b>(25,619)</b>	<b>1,438,148</b>	<b>69,881</b>	<b>(173,385)</b>
<b>Cash flow from financing activities</b>					
Proceeds from borrowings	22	-	5,903,073	-	5,903,073
Repayment of borrowings	22	(1,143,421)	(5,422,500)	(1,143,421)	(5,422,500)
Unclaimed dividend fund paid	22	-	(1,269)	-	(1,269)
Statute barred dividend refund		1,940	-	1,940	-
Interest paid	22	(450,445)	(675,522)	(450,445)	(675,522)
<b>Net cash flow from financing activities</b>		<b>(1,591,926)</b>	<b>(196,218)</b>	<b>(1,591,926)</b>	<b>(196,218)</b>
Net increase/(decrease) in cash and cash equivalents		1,200,729	(1,012,171)	1,200,162	(1,263,537)
Net foreign exchange difference		494	(56,844)	494	(56,844)
Cash and cash equivalents at the beginning of the period		1,878,320	2,947,335	1,329,891	2,650,272
<b>Cash and cash equivalents at the end of the period</b>	21	<b>3,079,542</b>	<b>1,878,320</b>	<b>2,530,547</b>	<b>1,329,891</b>

**UPDC Plc**  
**Consolidated and Separate Statement of Changes in Equity**  
**For the year ended 31 December 2022**

**The Group**  
**Attributable to owners of the Company**

	<b>Share Capital N'000</b>	<b>Share Premium N'000</b>	<b>Revenue Reserve N'000</b>	<b>Other Reserves N'000</b>	<b>Fair value reserve of financial assets at FVOCI N'000</b>	<b>Total N'000</b>	<b>Non Controlling interest N'000</b>	<b>Total N'000</b>
Balance at 1 January 2022	9,279,985	8,971,551	(10,654,133)	391,420	26,683	8,015,506	2,562	8,018,068
Profit for the period	-	-	163,042	-	-	163,042	36,353	199,395
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(193,450)	(193,450)	-	(193,450)
Gain on reclassification of asset of disposal group held for sale	-	-	712,998	-	-	712,998	-	712,998
Statute barred dividend refund	-	-	1,940	-	-	1,940	-	1,940
<b>Balance at 31 December 2022</b>	<b>9,279,985</b>	<b>8,971,551</b>	<b>(9,776,153)</b>	<b>391,420</b>	<b>(166,767)</b>	<b>8,700,036</b>	<b>38,915</b>	<b>8,737,011</b>
Balance at 1 January 2021	9,279,985	8,971,551	(8,728,022)	-	166,767	9,690,281	(48,493)	9,641,788
Loss for the period	-	-	(1,926,111)	-	-	(1,926,111)	51,055	(1,875,056)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(140,084)	(140,084)	-	(140,084)
Loan from equity holder	-	-	-	391,420	-	391,420	-	391,420
<b>Balance at 31 December 2021</b>	<b>9,279,985</b>	<b>8,971,551</b>	<b>(10,654,133)</b>	<b>391,420</b>	<b>26,683</b>	<b>8,015,506</b>	<b>2,562</b>	<b>8,018,068</b>

**The Company**  
**Attributable to owners of the Company**

	<b>Share Capital N'000</b>	<b>Share Premium N'000</b>	<b>Revenue Reserve N'000</b>	<b>Other Reserves N'000</b>	<b>Fair value reserve of financial assets at FVOCI N'000</b>	<b>Total N'000</b>
Balance at 1 January 2022	9,279,985	8,971,551	(17,815,137)	391,420	26,683	854,502
Profit for the period	-	-	305,736	-	-	305,736
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(193,450)	(193,450)
Statute barred dividend refund	-	-	1,940	-	-	1,940
<b>Balance at 31 December 2022</b>	<b>9,279,985</b>	<b>8,971,551</b>	<b>(17,507,461)</b>	<b>391,420</b>	<b>(166,767)</b>	<b>968,728</b>
Balance at 1 January 2021	9,279,985	8,971,551	(9,237,226)	-	166,767	9,181,077
Loss for the period	-	-	(8,577,911)	-	-	(8,577,911)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(140,084)	(140,084)
Loan from equity holder	-	-	-	391,420	-	391,420
<b>Balance at 31 December 2021</b>	<b>9,279,985</b>	<b>8,971,551</b>	<b>(17,815,137)</b>	<b>391,420</b>	<b>26,683</b>	<b>854,502</b>

The summary of significant accounting policies and notes on pages 6 to 37 are an integral part of these financial statements.

**1. General information**

UPDC Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The Group and the Company have businesses with activities in the following principal sectors: real estate and hotel management. The address of the registered office is 1-5 Odunlami Street, Lagos.

The Company is a public limited company and is listed on the Nigerian Stock Exchange.

**1.2 Securities Trading Policy**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) UPDC Plc maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement.

**1.3 Management's Assessment of Internal Controls**

The management of UPDC Plc is responsible for establishing and maintaining adequate internal control over financial reporting. UPDC's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair representation of published financial statements.

UPDC Plc's management assessed the effectiveness of the Company's internal controls within the reporting period. Based on our assessment, we believe that as of 31 December 2022, the Group and the Company's internal control is effective. We will continue to work on further strengthening this position.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) interpretations applicable to companies reporting under IFRS as issued by International Accounting Standards Board (IASB), Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of Companies and Allied Matters Act, 2020. The consolidated and separate financial statements have been prepared under the historical cost convention except for investment properties and equity instruments at fair value through other comprehensive income, which are measured at fair value.

The preparation of consolidated and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 4.

(All amounts are in Naira thousands unless otherwise stated)

**2.1.2 Changes in accounting policy and disclosures**

***New and amended standards and interpretations***

The Group and the Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group and Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

**Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.



### 2.1.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group and Company's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group and Company.

#### Reference to the Conceptual Framework - Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. Effective for annual periods beginning on or after 1 January 2022.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments to IFRS 3 is not expected to have a significant impact on the consolidated and separate financial statements of UPDC Plc.

#### Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

#### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

#### Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments to IAS 12 are applicable for annual periods beginning on or after 1 January 2023. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group.

### 2.1.3 Standards issued but not yet effective - Continued

#### **Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16**

Effective for annual periods beginning on or after 1 January 2022.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments to IFRS 16 is not expected to have a significant impact on the consolidated and separate financial statements.

#### **Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Effective for annual periods beginning on or after 1 January 2022.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are "directly related to contract activities", but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

The amendments to IAS 37 is not expected to have a significant impact on the consolidated and separate financial statements.

#### **IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and of the Company.

#### **IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and Company.

#### **IAS 41 Agriculture: Taxation in fair value measurements**

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. This amendment had no impact on the financial statements of the Group and Company.

#### **Classification of Liabilities as Current or Non-current - Amendments to IAS 1**

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. Effective for annual periods beginning on or after 1 January 2022.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

The amendments to IAS 1 is not expected to have a significant impact on the consolidated and separate financial statements.

#### **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28**

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments to IFRS 10 and IAS 28 is not expected to have a significant impact on the consolidated and separate financial statements.

## 2 Summary of significant accounting policies - Continued

### 2.2 Consolidation

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group and the Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group and the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group and the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Profit or Loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated when necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

#### (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### (d) Associates and joint ventures

Associates are all entities over which the Group and the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group and the Company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group and the Company's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group and the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group and the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group and the Company calculate the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the Profit or Loss.

## **2 Summary of significant accounting policies - Continued**

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group and the Company.

Dilution gains and losses arising on investments in associates are recognised in the Profit or Loss.

### *(e) Joint arrangements*

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be both joint operations and joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group and the Company account for joint operation by treating the operation as its own operations by recognising its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities held jointly, its revenue from the sale of the output by the joint operation, its share of revenue from the sale of the output by the joint operation, its expenses, including its share of any expenses incurred jointly.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group and the Company.

## **2.3 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

## **2.4 Foreign currency translation**

### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Naira (N), which is the parent and separate's functional currency.

### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'Administrative expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other income, are included in other comprehensive income.

### *(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each item of Statement of Financial Position presented are translated at the closing rate at the reporting date;
- (b) income and expenses for each Profit or Loss item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

## 2. Summary of significant accounting policies - Continued

### 2.5 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment.

Land and buildings comprise mainly of retail outlets and offices as well as hotel rooms.

Assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Property, plant and equipment are depreciated on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are:

#### *Plant and Machinery*

a) Heavy 5 to 7 years

b) Light 3 to 5 years

#### *Motor Vehicles*

a) Commercial 7 to 10 years

b) Passenger 4 to 5 years

Furniture and Fittings 3 to 5 years

Computer equipment 3 to 5 years

The useful lives, residual values and methods of depreciation are reassessed at the end of each reporting period and adjusted if necessary.

The depreciation on property, plant and equipment is recognised in profit or loss in the year in which it occurred.

The gain or loss on property, plant and equipment is determined by subtracting the carrying value from the net disposal proceeds on date of sale. The gain or loss on sale of property, plant and equipment is recognised in the statement of profit or loss when the asset is derecognised.

Subsequent expenditure relating to an item of equipment is capitalised when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it incurred.

### 2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to accounting policy on Computer Software). All internally generated intangible assets are expensed as incurred.

The useful lives of intangible assets are either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the method are reviewed at each financial year end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively. Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment either individually or at the cash-generating level. The useful lives are also reviewed each period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment to a finite life is accounted for prospectively.

#### **Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, that is, 5 years or 20%.

**2. Summary of significant accounting policies - Continued****2.7 Investment properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise mainly of commercial projects constructed and acquired with the aim of leasing out to tenants.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The Group makes use of internal and external valuation experts. Each property is valued by an external valuer annually.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in profit or loss against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Leasehold investment properties represent properties acquired under government consent for 99 years.

**2.8 Impairment of non-financial assets**

The carrying value of assets is reviewed for impairment at each reporting date. Assets are impaired when events or changes in circumstances indicate that their carrying value may not be recoverable. If such indication exists and where carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Recoverable amounts are determined as the higher of fair value less costs to sell or value in use. Impairment losses and the reversal of impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**2. Summary of significant accounting policies - Continued****2.9 Financial Instruments-initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets****Classification**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group and Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and Company has applied the practical expedient, the Group and Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue from contracts with customers below.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Fair value through OCI financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. These include investments in shares.

**Recognition and measurement**

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and Company commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified into:

**Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group and Company. The Group and Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and Company's financial assets at amortised cost includes trade receivables, cash and cash equivalents and related parties receivables.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**2.9 Financial Instruments-initial recognition and subsequent measurement - Continued****Derecognition**

When the Group and Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and Company could be required to repay.

**Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables and other financial assets Note 20

## **2. Summary of significant accounting policies - Continued**

The Group and Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and Company apply a simplified approach in calculating ECLs. Therefore, the Group and Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

For receivables from related parties (non-trade), and short-term deposits, the Group and Company apply general approach in calculating ECLs. It is the Group and Company's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **2.10 Financial Liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group and Company's financial liabilities include trade and other payables.

### **2.10 Financial Liabilities - Continued**

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Trade and other payables**

Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Other payables that are within the scope of IFRS 9 are subsequently measured at amortized cost.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Financial guarantee contracts**

Financial guarantee contracts are contracts that require the Group and Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the debt instrument. Such financial guarantees are given on behalf of debtors to secure loans.

### **2.11 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **2.12.1 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group and Company will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

#### **2.12.2 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.



## 2. Summary of significant accounting policies - Continued

### 2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Profit or Loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### 2.14 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is based on standard costing that comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### 2.15 Cash, cash equivalents and bank overdrafts

Cash, cash equivalents and bank overdrafts includes cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than three months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of the Group and Company's cash management.

### 2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group and Company will be required to settle that obligation and the amount has been reliably estimated.

Provisions for restructuring costs are recognised when the Group and Company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group or Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

## 2. Summary of significant accounting policies - Continued

### 2.19 Current and deferred income tax

The tax for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit or Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the reporting liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Profit or Loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and Company intend to settle its current tax liabilities on a net basis.

### 2.20 Employee benefits

#### (a) Defined contributory schemes

The defined contribution plan the Group and Company have for its employees is statutory pension scheme.

##### *Pension scheme*

The Pension Reform Act of 2014 requires all companies to pay a minimum of 10% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees to pension fund administrator. The employees also contribute a minimum of 8% of his/her emoluments (i.e. basic, housing and transport allowances). The Company's contributions are recognised as employee benefit expenses when they are due. The Group and Company has no further payment obligation once the contributions have been paid.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. This includes salaries and wages.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (b) Profit-sharing and bonus plans

The Group and Company recognise a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**2. Summary of significant accounting policies - Continued****2.21 Revenue from contracts with customers**

The Group and Company is in the business of acquiring, developing, selling and managing high quality, serviced commercial and residential accommodation and retail space. These contracts are divided into three revenue streams namely:

- Sales of Goods - Sale of property stock
- Hotel Management services: Sale of rooms, conference halls as well as food & beverages.
- Facilities management services provided to the customer: Rendering of services - Management fees and service charge surcharge

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and Company expects to be entitled in exchange for those goods or services. The Group and Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

The Group and Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group and Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Group and Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

*Sale of goods - Sale of Property Stock*

Revenue from Sale of Property Stock is recognised at the point in time when control of the asset is transferred to the customer, generally on transfer of the property. The normal credit term is 30 to 90 days upon transfer.

The Group and Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of property, the Group and Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

*Significant financing component*

Using the practical expedient in IFRS 15, the Group and Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Group and Company does not adjust any of the transaction prices for the time value of money.

*Contract Balances:**Trade Receivables*

A receivable represents the Group and Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

*Contract Liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group and Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and Company performs under the contract.

**2.22 Leases**

The Group and Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group and Company as a lessee*

The Group and Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets (ROU)*

The Group and Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets. The Group and Company has no right of use asset at the end of the year.

*Short-term leases*

The Group and Company applies the short-term lease recognition (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases (office rent) are recognised as expense on a straight-line basis over the lease term.

**Group and Company as a lessor**

Leases in which the Group and Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.23 Dividend distribution**

Dividend distribution to the Group and Company's shareholders is recognised as a liability in the Group and Company's financial statements in the period in which the dividends are approved by the Group and Company's shareholders. In respect of interim dividends these are recognised once paid.

### 3. Financial risk management

#### 3.1 Financial risk factors

Specific risk management functions are carried out by the specific business units.

##### (a) Market risk

###### (i) Foreign exchange risk

There are no exposures to recognised assets and liabilities as the Group and Company has no investments in foreign operations. The foreign exchange risk exposure relates to the Company.

The Group and Company do not make use of derivatives to hedge its exposures. The Group and Company is not involved in direct importation of finishing materials for its projects and uses third party suppliers and logistics agents, who bear the full foreign exchange risk which are priced into contracts upfront.

###### (ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of equity (other than those arising from interest rate risk or currency risk). The equity instrument are classified as fair value through other comprehensive income and are susceptible to market price risk arising from uncertainties about future values of the investment securities.

###### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company is not expose to the risk of changes in market interest rates because the Group and Company's long-term debt obligations are fixed interest rates.

##### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company.

The Group and Company is exposed to credit risk from its operating activities primarily trade receivables and deposits with banks and other financial institutions. The Group and Company have a credit control function that weekly monitors trade receivables and resolves credit related matters.

###### Trade receivables

Customer credit risk is managed by each business unit subject to the Group and Company's established policy, procedures and control relating to customer credit risk management. The Group and Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. A sales representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The Group and Company evaluate the concentration of risk with respect to trade receivables as customers consist of large and reputable financial institutions that are subjected to financial scrutiny by various regulatory bodies. The Group and Company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

###### Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group and Company's treasury department in accordance with the Group and Company's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Group and Company's Chief Financial Officer periodically and may be updated throughout the year subject to approval of the Chief Financial Officer. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group and Company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

###### Impairment losses

###### Trade receivables

For trade receivables, the Group and Company applied the simplified approach in computing ECL. Therefore, the Group and Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 20. The Group and Company do not hold collateral as security.

###### Expected credit loss measurement - other financial assets

The Group and Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short-term deposits. The Group and Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expect to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs, etc. - are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group and Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3. Financial risk management - Continued

#### 3.1 Financial risk factors - Continued

##### **(c) Liquidity risk**

The Group and Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Group and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and preference shares. The Group and Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. The Group and Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group and Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Liquidity risk arises from mis-match in expected inflows from sales, rentals and other revenue sources and outflows to fund projects, debt service and repayment obligations. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group and Company finance. Group and Company finance monitors rolling forecasts of the Group and Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. The Group and Company also ensures that at all times it does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

#### 3.2 Capital risk management

Capital includes share capital, share premium and other reserves attributable to equity holders.

The Group and Company's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and Company monitor capital on the basis of the gearing ratio. This ratio is calculated as interest bearing debt divided by total equity. Interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings and trade and other payables' as shown in the consolidated statement of financial position). Total equity is calculated as 'equity' as shown in the consolidated and separate statement of financial position including non controlling interest.

#### 3.3 Fair value estimation

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

##### **i) Assets measured at fair values**

Investment properties: The valuation techniques used and key inputs to valuation of investment properties have been disclosed in Note 15.

##### **ii) Liabilities for which fair values are disclosed**

The fair value of unquoted loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

#### 4. Significant accounting judgements, estimates and assumptions

##### 4.1 Significant estimates

The preparation of the Group and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in

##### 4.2 Significant judgements

In the process of applying the Group and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

###### a) Revenue from Contracts with Customers

The Group and the Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

###### **Identifying performance obligations in a bundled sale of property and maintenance services**

The Group and the Company provides planned preventive maintenance and property life cycle maintenance that are sold separately or bundled together with the sale of property to a customer. The maintenance services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the Company and the customer.

The Group and the Company determined that the property, and the maintenance services are capable of being distinct. The fact that the Group and the Company regularly sells both property, and maintenance on a stand-alone basis indicates that the customer can benefit from each of the products on their own. The Group and the Company also determined that the promises to transfer the property and to provide maintenance are distinct within the context of the contract. The property and the maintenance are not inputs to a combined item in the contract.

In addition, the property and the maintenance are not highly interdependent or highly interrelated, because the Group and the Company would be able to transfer the property even if the customer declined maintenance and would be able to provide maintenance in relation to products sold by other distributors. Consequently, the Group and the Company allocated a portion of the transaction price to the property and the maintenance service based on relative stand-

###### **Determining the timing of satisfaction of sales of property stock**

The Group and the Company concluded that revenue for sales of property stock is to be recognised at a point in time; when the customer obtains control of the property. The Group and the Company assess when control is transferred using the indicators below:

- The Group and the Company has a present right to payment for the product;
- The customer has legal title to the product;
- The Group and the Company has transferred physical possession of the asset and delivery note received;
- The customer has the significant risks and rewards of ownership of the product; and
- The customer has accepted the asset

#### 4. Significant accounting judgements, estimates and assumptions - Continued

##### 4.2 Significant judgements - Continued

###### Estimates and assumptions

###### b. Financial Instruments

###### **Provision for expected credit losses of trade receivables**

The Group and the Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Group and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group and the Company's trade receivables is disclosed in Note 9(v) and Note 20.

###### **Impairment losses on intercompany receivables and short term deposits**

The measurement of impairment losses under IFRS 9 requires estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group and the Company's ECL calculations are outputs of general approach used by considering a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, Gross Domestic Products and inflation rate, and the effect on PDs, EADs and LGDs

###### c) Useful lives for property, plant & equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant and equipment will have an impact on the carrying value. See Note 13 for further details.

###### d) Impairment of investments in Joint Venture

Investment in Joint Ventures are stated at cost in the books of the Group and Company. However, where there is an objective evidence of impairment of this investment, the investment is written down to the recoverable amount. Evidence of impairment occurs where the Joint Venture incurs a loss and the Group/Company's share of loss exceeds its total investment in the Joint venture. See note 16 (ii). for details of write down in current year.

**5. Segment Analysis**

The chief operating decision-maker has been identified as the Executive Committee (Exco). The Exco reviews the Company's internal reporting in order to assess performance and allocate resources.

Nigeria is the Company's primary geographical segment as the operations of the Company are entirely carried out in Nigeria. As at 31 December 2022, UPDC Plc's operations comprised two main business segments which are Property Development, Sales & Management and Hospitality Services.

**Property Development, Sales & Management** - UPDC Plc's main business is the acquisition, development, sales and management of high quality serviced commercial and residential properties in the Highbrow and Middle Income segments of the real estate market in Nigeria. The Company approaches property planning from the customers' perspective to create comfortable living/working environments. UPDC Facility Management Limited is a subsidiary of UPDC Plc. The Company provides facilities management services to residential and commercial properties in Nigeria.

**Hospitality Services** - UPDC Hotels Limited, the company's subsidiary is in the hospitality industry and leverages significantly on the success of its principal promoter UPDC Plc. The hotel provides services such as sale of rooms, conference halls as well as food & beverages.

The following measures of performance are reviewed by the Exco:

- Revenue to third parties
- Earnings before interest and tax
- Profit before tax
- Net current assets
- Property, plant and equipment

	<b>The Group</b>			
	<b>Property Development Sales &amp; Management</b>	<b>Hospitality Services</b>	<b>Classified as Discontinued Operation/ Held for Sale</b>	<b>Total</b>
	N'000	N'000	N'000	N'000
<b>31 December 2022</b>				
Total Revenue	5,650,945	238,943	-	5,889,888
Intergroup revenue	-	-	-	-
Revenue to third parties	5,650,945	238,943	-	5,889,888
Earnings before interest and tax	1,089,387	(321,218)	-	768,169
Loss before tax	652,615	(321,214)	-	331,401
Net current assets	5,052,874	(786,509)	-	4,266,365
Property, plant and equipment	34,456	8,317,806	-	8,352,262

	<b>The Group</b>			
	<b>Property Development Sales &amp; Management</b>	<b>Hospitality Services</b>	<b>Classified as Discontinued Operation/ Held for Sale</b>	<b>Total</b>
	N'000	N'000	N'000	N'000
<b>31 December 2021</b>				
Total Revenue	825,404	235,844	(235,844)	825,404
Intergroup revenue	-	-	-	-
Revenue to third parties	825,404	235,844	(235,844)	825,404
Earnings before interest and tax	(852,094)	(116,286)	116,286	(852,094)
Loss before tax	(1,615,801)	(116,286)	116,286	(1,615,801)
Net current assets	5,913,073	(1,020,592)	1,020,592	5,913,073
Property, plant and equipment	49,928	11,943,485	(11,943,485)	49,928

	<b>The Company</b>	
	<b>Property development sales &amp; management</b>	<b>Total</b>
	N'000	N'000
<b>31 December 2022</b>		
Total revenue	3,868,800	3,868,800
Intergroup revenue	-	-
Revenue from third parties	3,868,800	3,868,800
Profit before interest and tax	856,832	856,832
Profit before tax	335,400	335,400
Net current assets	3,120,240	3,120,240
Property, plant and equipment	28,744	28,744

	<b>The Company</b>	
	<b>Property development sales &amp; management</b>	<b>Total</b>
	N'000	N'000
<b>31 December 2021</b>		
Total revenue	540,563	540,563
Intergroup revenue	-	-
Revenue from third parties	540,563	540,563
Loss before interest and tax	(7,738,487)	(7,738,487)
Loss before tax	(8,502,194)	(8,502,194)
Net current assets	3,949,980	3,949,980
Property, plant and equipment	31,402	31,402

**5. Segment Analysis - Continued**

**Entity wide information**

	The Group		The Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
<b>Analysis of revenue by category:</b>				
UPDC Sale of Property Stock	3,603,350	404,382	3,603,350	404,382
Share of James Pinnock Sale of Property Stock	-	58,140	-	58,140
Rental income	-	12,753	-	12,753
Project/ Asset Management Fee	265,450	65,288	265,450	65,288
UPDC Hotel Ltd. Revenue	238,943	-	-	-
Deep Horizon Inv. Ltd Sale of Property Stock	1,486,990	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	295,155	284,841	-	-
<b>Group</b>	<b>5,889,888</b>	<b>825,404</b>	<b>3,868,800</b>	<b>540,563</b>
<b>Analysis of revenue by geographical location:</b>				
Nigeria	5,889,888	825,404	3,868,800	540,563

**5. (i). Revenue from contracts with customers**

Disaggregated revenue information

Set out below is the disaggregation of the Group and Company's revenue from contracts with customers:

The Group	For the year ended 31 December 2022			
	Property Development Sales & Management	Hospitality Services	Classified as Discontinued Operation/ Held for Sale	Total
Type of goods or service	N'000	N'000	N'000	N'000
Sale of Property Stock	3,603,350	-	-	3,603,350
Share of James Pinnock Sale of Property Stock	-	-	-	-
Project/ Asset Management Fee	265,450	-	-	265,450
UPDC Hotel Ltd. Revenue	-	238,943	-	238,943
Deep Horizon Inv. Ltd Sale of Property Stock	1,486,990	-	-	1,486,990
UPDC Facility Mgt Ltd. Management Surcharge Income	295,155	-	-	295,155
<b>Revenue from contracts with customers</b>	<b>5,650,945</b>	<b>238,943</b>	<b>-</b>	<b>5,889,888</b>
Rental income	-	-	-	-
<b>Total revenue</b>	<b>5,650,945</b>	<b>238,943</b>	<b>-</b>	<b>5,889,888</b>

**Geographical markets**

Within Nigeria	5,650,945	238,943	-	5,889,888
Outside Nigeria	-	-	-	-
<b>Total revenue from contracts with customers</b>	<b>5,650,945</b>	<b>238,943</b>	<b>-</b>	<b>5,889,888</b>
Rental income	-	-	-	-
<b>Total revenue</b>	<b>5,650,945</b>	<b>238,943</b>	<b>-</b>	<b>5,889,888</b>

**Timing of revenue recognition**

Goods transferred at a point in time	5,090,340	-	-	5,090,340
Services transferred over time	560,605	238,943	-	799,548
<b>Total revenue from contracts with customers</b>	<b>5,650,945</b>	<b>238,943</b>	<b>-</b>	<b>5,889,888</b>
Rental income	-	-	-	-
<b>Total revenue</b>	<b>5,650,945</b>	<b>238,943</b>	<b>-</b>	<b>5,889,888</b>

The Group	For the year ended 31 December 2021			
	Property Development Sales & Management	Hospitality Services	Classified as Discontinued Operation/ Held for Sale	Total
Type of goods or service	N'000	N'000	N'000	N'000
Sale of Property Stock	404,382	-	-	404,382
Share of James Pinnock Sale of Property Stock	58,140	-	-	58,140
Project/ Asset Management Fee	65,288	-	-	65,288
UPDC Hotel Ltd. Revenue	-	235,844	(235,844)	-
Deep Horizon Inv. Ltd Sale of Property Stock	-	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	284,841	-	-	284,841
<b>Revenue from contracts with customers</b>	<b>812,651</b>	<b>235,844</b>	<b>(235,844)</b>	<b>812,651</b>
Rental income	12,753	-	-	12,753
<b>Total revenue</b>	<b>825,404</b>	<b>235,844</b>	<b>(235,844)</b>	<b>825,404</b>



5.1. Revenue from contracts with customers - Continued

Geographical markets

Within Nigeria	812,651	235,844	(235,844)	812,651
Outside Nigeria	-	-	-	-
<b>Total revenue from contracts with customers</b>	<b>812,651</b>	<b>235,844</b>	<b>(235,844)</b>	<b>812,651</b>
Rental income	12,753	-	-	12,753
<b>Total revenue</b>	<b>825,405</b>	<b>235,844</b>	<b>(235,844)</b>	<b>825,405</b>

Timing of revenue recognition

Goods transferred at a point in time	462,522	-	-	462,522
Services transferred over time	350,129	235,844	(235,844)	350,129
<b>Total revenue from contracts with customers</b>	<b>812,651</b>	<b>235,844</b>	<b>(235,844)</b>	<b>812,651</b>
Rental income	12,753	-	-	12,753
<b>Total revenue</b>	<b>825,405</b>	<b>235,844</b>	<b>(235,844)</b>	<b>825,405</b>

The Company	For the year ended 31 December 2022			
	Property Development Sales & Management	Hospitality Services	Classified as Discontinued Operation/ Held for Sale	Total
Type of goods or service	N'000	N'000	N'000	N'000
Sale of Property Stock	3,603,350	-	-	3,603,350
Share of James Pinnock Sale of Property Stock	-	-	-	-
Project/ Asset Management Fee	265,450	-	-	265,450
UPDC Hotel Ltd. Revenue	-	-	-	-
Deep Horizon Inv. Ltd Sale of Property Stock	-	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	-	-	-	-
<b>Revenue from contracts with customers</b>	<b>3,868,800</b>	<b>-</b>	<b>-</b>	<b>3,868,800</b>
Rental income	-	-	-	-
<b>Total revenue</b>	<b>3,868,800</b>	<b>-</b>	<b>-</b>	<b>3,868,800</b>

Geographical markets

Within Nigeria	3,868,800	-	-	3,868,800
Outside Nigeria	-	-	-	-
<b>Total revenue from contracts with customers</b>	<b>3,868,800</b>	<b>-</b>	<b>-</b>	<b>3,868,800</b>
Rental income	-	-	-	-
<b>Total revenue</b>	<b>3,868,800</b>	<b>-</b>	<b>-</b>	<b>3,868,800</b>

Timing of revenue recognition

Goods transferred at a point in time	3,603,350	-	-	3,603,350
Services transferred over time	265,450	-	-	265,450
<b>Total revenue from contracts with customers</b>	<b>3,868,800</b>	<b>-</b>	<b>-</b>	<b>3,868,800</b>
Rental income	-	-	-	-
<b>Total revenue</b>	<b>3,868,800</b>	<b>-</b>	<b>-</b>	<b>3,868,800</b>

The Company	For the year ended 31 December 2021			
	Property Development Sales & Management	Hospitality Services	Classified as Discontinued Operation/ Held for Sale	Total
Type of goods or service	N'000	N'000	N'000	N'000
Sale of Property Stock	404,382	-	-	404,382
Share of James Pinnock Sale of Property Stock	58,140	-	-	58,140
Project/ Asset Management Fee	65,288	-	-	65,288
UPDC Hotel Ltd. Revenue	-	-	-	-
Deep Horizon Inv. Ltd Sale of Property Stock	-	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	-	-	-	-
<b>Revenue from contracts with customers</b>	<b>527,810</b>	<b>-</b>	<b>-</b>	<b>527,810</b>
Rental income	12,753	-	-	12,753
<b>Total revenue</b>	<b>540,563</b>	<b>-</b>	<b>-</b>	<b>540,563</b>

## 5.1. Revenue from contracts with customers - Continued

### Geographical markets

Within Nigeria	527,810	-	-	527,810
Outside Nigeria	-	-	-	-
<b>Total revenue from contracts with customers</b>	<b>527,810</b>	-	-	<b>527,810</b>
Rental income	12,753	-	-	12,753
<b>Total revenue</b>	<b>540,563</b>	-	-	<b>540,563</b>

### Timing of revenue recognition

Goods transferred at a point in time	462,522	-	-	462,522
Services transferred over time	65,288	-	-	65,288
<b>Total revenue from contracts with customers</b>	<b>527,810</b>	-	-	<b>527,810</b>
Rental income	12,753	-	-	12,753
<b>Total revenue</b>	<b>540,563</b>	-	-	<b>540,563</b>

### Performance obligations

Information about the Company's performance obligations are summarised below:

#### Sale of property stock

The performance obligation is satisfied upon transfer of the property which is generally due within 30 to 90 days from transfer.

The Company has applied the practical expedient in paragraph 121 of IFRS 15 and did not disclose information about remaining performance obligations that have original expected durations of one year or less.

	The Group		The Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
<b>Contract balances</b>				
Trade receivables - Note 20	134,988	45,742	37,264	3,987
Contract liabilities - Note 24	2,543,954	2,168,341	2,475,054	1,798,341

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

In 2022, N744million (Company: N742million) was recognised as provision for expected credit losses on trade receivables (2021:N744 million).

Contract liabilities include advances received from customers in respect of sale of property stocks and facility management fees.

### Disclosure requirements IFRS 15 - Performance Obligations

#### Quantitative

Information about performance obligations in contracts with customer, including a description of the following:	
<ul style="list-style-type: none"> <li>When the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of service) including when performance obligations are satisfied in a bill-and-hold arrangement</li> <li>Significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained)</li> <li>The nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (i.e., if the entity is acting as an agent)</li> <li>Obligations for returns, refunds and other similar obligations</li> <li>Types of warranties and related obligations</li> </ul>	IFRS 15.119(a) IFRS 15.119(b) IFRS 15.119(c) IFRS 15.119(d)

### Performance obligations - Tabular form

The Company's typical performance obligations include the following:

Performance Obligation	When Performance Obligation is Typically Satisfied	When Payment is Typically Due	How Standalone Selling Price is Typically Estimated
Sale of property stocks	Control of the asset is transferred to the customer, generally on delivery of the property at a point in time.	Payment is due on delivery date	Observable in contract document
Facilities management services provided to the customer	The services are satisfied over time as customers simultaneously receives and consumes the benefits provided by the Company. The Company recognizes revenue for these service contracts over time .	At the beginning of the contract period	Observable in renewal transactions
Project Development and Business Management	Allocation of the consideration and timing of the amount of revenue recognized in relation to the sales.	Within 90 days of services being performed	Observable in transactions without multiple performance obligations

**6. Other Operating Income**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Investment income*	57,271	50,430	57,271	50,430
Gain on disposal of PPE	-	12,595	-	12,595
Exchange gain	494	-	494	-
Recovery on facility management	80,464	68,761	-	-
Others**	149,921	178,977	329,191	35,583
<b>Total other income</b>	<b>288,150</b>	<b>310,762</b>	<b>386,957</b>	<b>98,608</b>

\* Investment income in 2022 represents dividend received on investment in UPDC REIT as well as the last distribution from the defunct UNICO CPFA Ltd while that of 2021 represents dividend from UPDC REIT alone.

\*\*Others include legal fees earned on transfer of property title documents, brokerage fee of disposal of third party properties, search fees, sale of scrap items, N110million payable write back (in 2022 for Group and Company), N179.3million services rendered to Deep Horizon Investment Ltd. (in 2022 for Company) and N143.4million net liabilities of Manor Gardens assets and liabilities written off (in 2021 for Group).

**7. Expenses by nature**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Change in inventories of finished goods & other direct costs of inventories	3,959,342	475,270	2,851,400	475,270
Write-down of inventories	-	18,783	-	18,783
Property Maintenance expenses	37,660	122,632	36,012	122,632
Personnel expenses (Note 7a)	453,748	378,566	237,746	240,114
Depreciation of Property, Plant & Equipment (Note 13)	192,192	15,300	9,961	8,971
Amortization of intangible asset (Note 14)	3,929	3,622	3,346	3,038
Unrealised exchange loss	-	56,844	-	56,844
Rent and rates*	13,848	10,200	12,981	10,200
Vehicles repairs, maintenance & fueling	3,769	1,243	3,189	891
Other repairs & maintenance	61,329	28	3,138	28
Legal expenses	25,337	33,089	24,831	33,089
Auditors' remuneration	22,275	24,929	16,125	20,425
Directors' emoluments (Note 7a)	118,227	94,485	118,227	94,485
Information Technology	55,082	42,921	50,246	38,790
Insurance	28,107	14,528	12,395	12,385
Marketing, advertising & communication	53,313	21,678	42,285	14,963
Professional fees	115,012	168,700	45,259	168,700
Agency Fees	119,677	11,322	91,152	11,322
Printing and stationery	3,025	2,885	2,973	2,885
Energy Cost - UPDC Hotel Ltd.	102,774	-	-	-
Other expenses**	199,523	96,626	73,140	84,299
	<b>5,568,167</b>	<b>1,593,649</b>	<b>3,634,406</b>	<b>1,418,113</b>
Cost of sales	4,223,183	685,126	2,952,935	604,918
Selling and distribution expenses	80,562	46,420	69,535	39,705
Administrative expenses	1,264,422	862,103	611,936	773,490
	<b>5,568,167</b>	<b>1,593,649</b>	<b>3,634,406</b>	<b>1,418,113</b>

\* Rent and rates are short term leases of office building that are below one year.

\*\* Other expenses include AGM expenses, registrars expenses, training cost, security expenses, NSE listing fees, service charge, statutory payments.

**8. Net Finance Income/(Cost)**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Finance Income</b>	<b>84,664</b>	<b>45,654</b>	<b>77,183</b>	<b>44,929</b>
Interest on borrowings	(521,432)	(763,707)	(521,432)	(763,707)
<b>Finance Costs</b>	<b>(521,432)</b>	<b>(763,707)</b>	<b>(521,432)</b>	<b>(763,707)</b>
<b>Net Finance Cost</b>	<b>(436,769)</b>	<b>(718,053)</b>	<b>(444,249)</b>	<b>(718,778)</b>

Finance income relate to interest on short term deposits.

**9. Credit loss expense/(reversal)**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Receivable in UPDC Metro City Ltd.	(113,763)	(4,892)	(113,763)	(4,892)
Impairment of receivable in UPDC Hotels Ltd.	-	-	-	6,566,351
Receivable in Manor Gardens Dev. Co. Ltd.	461	-	461	-
Receivable in First Restoration Dev. Co. Ltd.	(3,927)	3,927	(3,927)	3,927
Receivable in Pinnacle Apartment Development Ltd.	3,379	(5,362)	3,379	(5,362)
Receivable in Calabar Golf Estate Ltd.	(112,648)	368,286	(112,648)	368,286
Receivable in other related parties	707	(8,149)	707	(8,149)
Bad debt written off	-	342,721	-	342,721
Impairments of trade receivables and short term investment	67,493	28,467	67,493	26,325
	<b>(158,298)</b>	<b>724,999</b>	<b>(158,298)</b>	<b>7,289,208</b>

9. Credit loss expense/(reversal) - Continue

The Group

	2022			2021		
	Stage 1 Individual N'000	Simplified Model N'000	Total N'000	Stage 1 Individual N'000	Simplified Model N'000	Total N'000
Short term deposits	-	-	-	(2,373)	-	(2,373)
Related party receivables	(225,791)	-	(225,791)	353,811	-	353,811
Bad debt written off	-	-	-	-	342,721	342,721
Trade receivables	-	67,493	67,493	-	30,840	30,840
	<b>(225,791)</b>	<b>67,493</b>	<b>(158,298)</b>	<b>351,438</b>	<b>373,561</b>	<b>724,999</b>

The Company

	2022			2021		
	Stage 1 Individual N'000	Simplified Model N'000	Total N'000	Stage 1 Individual N'000	Simplified Model N'000	Total N'000
Short term deposits	-	-	-	(2,373)	-	(2,373)
Related party receivables	(225,791)	-	(225,791)	6,920,161	-	6,920,161
Bad debt written off	-	-	-	-	342,721	342,721
Trade receivables	-	67,493	67,493	-	28,698	28,699
	<b>(225,791)</b>	<b>67,493</b>	<b>(158,298)</b>	<b>6,917,788</b>	<b>371,419</b>	<b>7,289,208</b>

10. Taxation

The Group

The Company

	2022		2021	
	N'000	N'000	N'000	N'000
<i>Current tax</i>				
Minimum tax charge for the year	132,006	3,219	29,664	3,219
Current income tax	-	67,252	-	-
Capital Gain tax	-	72,498	-	72,498
<b>Total current tax charge</b>	<b>132,006</b>	<b>142,969</b>	<b>29,664</b>	<b>75,717</b>
<b>Total deferred tax (note 26)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax charge</b>	<b>132,006</b>	<b>142,969</b>	<b>29,664</b>	<b>75,717</b>

Nigeria corporation tax is calculated at 30% (2021: 30%) of the estimated assessable profit for the year.

The income tax charge for the year can be reconciled to the profit per the consolidated and separate statement of profit or loss as follows:

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Profit/(loss) before taxation	331,401	(1,615,801)	335,400	(8,502,194)
Tax at the Nigeria corporation tax rate of 30% (2021: 30%)	99,420	(484,740)	100,620	(2,550,658)
Capital gains tax	-	72,498	-	72,498
Effect of expenses that are not deductible in determining taxable profit	2,922	551,992	(100,620)	2,550,658
Minimum tax adjustments (Excluding PTF)	29,664	3,219	29,664	3,219
<b>Tax for the year</b>	<b>132,006</b>	<b>142,969</b>	<b>29,664</b>	<b>75,717</b>

Per statement of financial position

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
At 1 January	145,784	119,688	78,532	117,785
Charge for the year	132,006	142,969	29,664	75,717
Payments during the year	(131,315)	(116,873)	(67,454)	(114,970)
<b>At 31 December</b>	<b>146,475</b>	<b>145,784</b>	<b>40,742</b>	<b>78,532</b>

10. (i) Current tax assets

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Unutilised withholding tax credit notes as at January 1	96,908	96,908	96,908	96,908
Additional during the year	30,854	-	30,854	-
<b>Unutilised withholding tax credit notes as at December 31</b>	<b>127,762</b>	<b>96,908</b>	<b>127,762</b>	<b>96,908</b>

These relate to WHT credit notes yet to be utilized. The notes will be utilized against future income tax liabilities when filing tax returns to the FIRS.

11. Dividends

No dividend was declared or paid for the year ended 31 December 2022 (2021: Nil)

## 12. Earnings/(loss) Per Share

### (a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Loss after tax for the year from discontinued operations	-	(116,286)	-	-
Profit/(loss) attributable to ordinary equity shareholders (NGN'000)	199,395	(1,758,770)	305,736	(8,577,911)
Profit/(loss) for the period	199,395	(1,875,056)	305,736	(8,577,911)
<b>Basic earnings/(loss) per share (Kobo)</b>	<b>1</b>	<b>(10)</b>	<b>2</b>	<b>(46)</b>
From discontinued operations	-	(1)	-	-
From continuing operations	1	(9)	2	(46)
<b>Diluted earnings/(loss) per share (Kobo)</b>	<b>1</b>	<b>(10)</b>	<b>2</b>	<b>(46)</b>
From discontinued operations	-	(1)	-	-
From continuing operations	1	(9)	2	(46)

	The Group		The Company	
	2022 Number ('000)	2021 Number ('000)	2022 Number ('000)	2021 Number ('000)
Basic weighted average and Diluted weighted average number of shares	18,559,970	18,559,970	18,559,970	18,559,970
Absolute number of shares (Note 28)	18,559,970	18,559,970	18,559,970	18,559,970

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group has no dilutive instruments.

## 13. Property, plant and equipment

### The Group

	Land & Building	Motor vehicles	Plant and Machinery	Furniture & Fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	-	92,220	29,773	47,116	63,357	232,466
Addition	-	24,725	-	95	9,914	34,734
Write-off/Scrapped	-	(469)	(5,621)	(368)	-	(6,458)
Disposals	-	(53,964)	(11,416)	-	(1,172)	(66,551)
<b>At 31 December 2021</b>	<b>-</b>	<b>62,512</b>	<b>12,737</b>	<b>46,843</b>	<b>72,099</b>	<b>194,191</b>
At 1 January 2022	-	62,512	12,737	46,843	72,099	194,191
Addition	6,955	-	74,229	17,637	11,461	110,283
Reclassification from Assets held for sale	8,118,341	6,623	77,663	32,861	5,521	8,241,009
Disposals	-	(24,456)	-	-	-	(24,456)
<b>At 31 December 2022</b>	<b>8,125,296</b>	<b>44,679</b>	<b>164,629</b>	<b>97,341</b>	<b>89,081</b>	<b>8,521,026</b>

### Accumulated depreciation and impairment

At 1 January 2021	-	70,182	29,774	45,735	55,302	200,992
Charge for the period	-	11,007	-	685	3,608	15,300
Write-off/Scrapped	-	(469)	(5,621)	-	-	(6,090)
Disposals	-	(53,964)	(11,416)	-	(560)	(65,940)
<b>At 31 December 2021</b>	<b>-</b>	<b>26,756</b>	<b>12,737</b>	<b>46,419</b>	<b>58,351</b>	<b>144,262</b>
At 1 January 2022	-	26,756	12,737	46,419	58,351	144,262
Charge for the period	16,296	9,231	3,723	2,277	5,356	36,883
Disposals	-	(12,381)	-	-	-	(12,381)
<b>At 31 December 2022</b>	<b>16,296</b>	<b>23,606</b>	<b>16,460</b>	<b>48,696</b>	<b>63,707</b>	<b>168,765</b>

### Net book values

<b>At 31 December 2022</b>	<b>8,109,000</b>	<b>21,073</b>	<b>148,169</b>	<b>48,645</b>	<b>25,375</b>	<b>8,352,262</b>
<b>At 31 December 2021</b>	<b>-</b>	<b>35,756</b>	<b>-</b>	<b>424</b>	<b>13,748</b>	<b>49,928</b>

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2022 (2021: Nil)

### The Company

	Motor vehicles	Plant and Machinery	Furniture & Fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	62,409	29,773	46,139	60,133	198,454
Additions	24,725	-	95	9,024	33,844
Write-off/Scrapped	-	(5,621)	-	-	(5,621)
Disposals	(53,964)	(11,416)	-	(1,172)	(66,551)
<b>At 31 December 2021</b>	<b>33,170</b>	<b>12,736</b>	<b>46,234</b>	<b>67,986</b>	<b>160,126</b>
At 1 January 2022	33,170	12,736	46,234	67,986	160,126
Additions	-	-	3,404	3,897	7,302
<b>At 31 December 2022</b>	<b>33,170</b>	<b>12,736</b>	<b>49,639</b>	<b>71,883</b>	<b>167,428</b>

**Accumulated depreciation**

At 1 January 2021	62,155	29,773	45,223	54,162	191,312
Charge for the period	5,504	-	616	2,852	8,971
Write-off/Scrapped	-	(5,621)	-	-	(5,621)
Disposals	(53,964)	(11,416)	-	(560)	(65,940)
<b>At 31 December 2021</b>	<b>13,696</b>	<b>12,736</b>	<b>45,839</b>	<b>56,454</b>	<b>128,723</b>
At 1 January 2022	13,696	12,736	45,839	56,454	128,722
Charge for the period	5,563	-	508	3,890	9,961
<b>At 31 December 2022</b>	<b>19,259</b>	<b>12,736</b>	<b>46,347</b>	<b>60,344</b>	<b>138,683</b>

**Net book values**

<b>At 31 December 2022</b>	<b>13,911</b>	<b>-</b>	<b>3,292</b>	<b>11,539</b>	<b>28,744</b>
<b>At 31 December 2021</b>	<b>19,474</b>	<b>-</b>	<b>396</b>	<b>11,532</b>	<b>31,402</b>

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2022 (2021: Nil)

**14. Intangible Assets**

	The Group		The Company	
	Software	Software	Software	Software
Cost	N'000		N'000	
At 1 January 2021	295,597	292,358		
Additions	13,412	13,412		
<b>At 31 December 2021</b>	<b>309,009</b>	<b>305,770</b>		
At 1 January 2022	309,009	305,770		
Additions	17,325	-		
Reclassification from Assets held for sale	43,638	-		
<b>At 31 December 2022</b>	<b>369,972</b>	<b>305,770</b>		

**Amortisation**

At 1 January 2021	288,999	288,417
Amortisation for the period	3,622	3,038
<b>At 31 December 2021</b>	<b>292,620</b>	<b>291,455</b>
At 1 January 2022	292,620	291,455
Reclassification from Assets held for sale	42,039	-
Amortisation for the period	4,853	3,346
<b>At 31 December 2022</b>	<b>339,513</b>	<b>294,801</b>

**Net book values**

<b>At 31 December 2022</b>	<b>30,460</b>	<b>10,970</b>
<b>At 31 December 2021</b>	<b>16,389</b>	<b>14,315</b>

No intangible asset was pledged as security for any liability as at 31 December 2022 (2021: Nil)

**15. Investment Properties**

	The Group			The Company		
	Freehold Building	Leasehold Building	Total Investment Properties	Freehold Building	Leasehold Building	Total Investment Properties
Fair value	N'000			N'000		
At 1 January 2021	30,144	1,756,429	<b>1,786,573</b>	30,144	1,756,429	<b>1,786,573</b>
Transfer to properties under construction - Inventory	(30,144)	(638,871)	<b>(669,015)</b>	(30,144)	(638,871)	<b>(669,015)</b>
Disposals	-	(1,117,558)	<b>(1,117,558)</b>	-	(1,117,558)	<b>(1,117,558)</b>
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 1 January 2022	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Schedule of net gain/ (loss) on disposal**

	The Group		The Company	
	2022	2021	2022	2021
	N'000		N'000	
Sales Proceed	-	1,427,525	-	1,427,525
Agency fees/incidental expenses	-	(25,233)	-	(25,233)
Net Sales Proceed	-	1,402,292	-	1,402,292
Carrying value of investment properties	-	(1,117,558)	-	(1,117,558)
	<b>-</b>	<b>284,734</b>	<b>-</b>	<b>284,734</b>

In 2021, properties valued at N1.1billion were disposed for a net sales proceed of N1.4billion. The amount recognised as rental income from the Group and the Company was N12.8million. Direct operating expense arising from investment properties and other vacant apartments from the Group and Company was N122.6million. There were no Investment Properties in 2022 as they were fully classified to Inventory in 2021.

**16. Investments in equity accounted joint ventures**

The amounts recognised in the statement of financial position are as follows:

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Joint ventures	130,393	130,393	129,589	129,589
	<b>130,393</b>	<b>130,393</b>	<b>129,589</b>	<b>129,589</b>

**16 (ii). Investments in joint ventures**

Investment in Joint Ventures	The Group		The Company		2022 % holding	2021 % holding
	2022 N'000	2021 N'000	2022 N'000	2021 N'000		
First Festival Mall Limited	234,217	234,217	234,217	234,217	45.0%	45.0%
First Restoration Dev. Co. Limited	318,253	318,253	317,449	317,449	51.0%	51.0%
Transit Village Dev. Co. Ltd	73,606	73,606	73,606	73,606	40.0%	40.0%
	<b>626,076</b>	<b>626,076</b>	<b>625,272</b>	<b>625,272</b>		
Impairment allowance	(495,683)	(495,683)	(495,683)	(495,683)		
	<b>130,393</b>	<b>130,393</b>	<b>129,589</b>	<b>129,589</b>		

The movement in the investment in joint ventures during the year is stated below:

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
At 1 January	130,393	130,393	129,589	129,589
Movement during the year	-	-	-	-
	<b>130,393</b>	<b>130,393</b>	<b>129,589</b>	<b>129,589</b>

**Nature of investment in Joint ventures:**

Name	Project	Country of incorporation	Nature of relationship	Measurement method	% Interest held
First Festival Mall Ltd.	Festival Mall	Nigeria	Joint venture	Equity	45%
First Restoration Dev. Coy Ltd.	Olive Court	Nigeria	Joint venture	Equity	51%
Pinnacle Apartment Dev. Ltd.	Pinnacle Apartments	Nigeria	Joint venture	Equity	51%
Calabar Golf Estate Ltd.	Golf Estate	Nigeria	Joint venture	Equity	51%
UPDC Metro City Ltd.	Metrocity	Nigeria	Joint venture	Equity	60%
Transit Village*	Transit Village	Nigeria	Joint venture	Equity	40%

All joint ventures are primarily set up for projects as stated above. The investments in Joint Venture were measured at cost in the separate financial statements.

\* Transit Village JV was not operational as at year end. The company's investment represents the seed capital contributed towards acquiring the land for the project.

**17. Equity instrument at fair value through other comprehensive income**

As at 31 December 2022, UPDC held 133,413,475 units, representing 5% of the total issued REIT units. This is in compliance with Section 532(z) of the SEC Rules and Regulations (as amended) that requires promoters of real estate investment schemes to subscribe to a minimum of 5% of the registered units of the scheme at inception and hold such units throughout the life of the real estate investment scheme. The fair value changes is as a result of the difference in share price from prior year of N4.45 to N3.00 per unit in current year.

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
As at 1 January	593,690	733,774	593,690	733,774
Fair value changes	(193,450)	(140,084)	(193,450)	(140,084)
<b>As at 31 December</b>	<b>400,240</b>	<b>593,690</b>	<b>400,240</b>	<b>593,690</b>

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Opening balance of Investment	593,690	733,774	593,690	733,774
Fair valuation at reporting date	(400,240)	(593,690)	(400,240)	(593,690)
<b>Fair value loss</b>	<b>193,450</b>	<b>140,084</b>	<b>193,450</b>	<b>140,084</b>

**18. Investments in subsidiaries**

Principal investments	The Company		% Shareholding	
	2022 N'000	2021 N'000	2022 %	2021 %
<i>UPDC Hotels Ltd.</i> 2,082,500,000 Shares of ₦1.00 each	2,082,500	2,082,500	94%	94%
<i>Manor Gardens Dev. Company Ltd.</i> 53,810,000 Ordinary Shares of ₦1.00 each	53,810	53,810	67.5%	67.5%
<i>UPDC Facility Management Ltd.</i> 5,000,000 Ordinary Shares of ₦1.00 each	108,019	108,019	50%	50%
<i>Deep Horizon Investment Ltd.</i> 1,000,000 Ordinary Shares of ₦1.00 each	1,611,697	1,611,697	95%	75%
	<b>3,856,026</b>	<b>3,856,026</b>		
Impairment of investments	(2,136,310)	(2,136,310)		
	<b>1,719,716</b>	<b>1,719,716</b>		

Investments in subsidiaries are measured at cost. Investment in UPDC Hotels Ltd. previously classified as a discontinued operation has now been classified as continuing operation.

**18. (i) Material partly owned subsidiary**

Financial information of subsidiary that have material non-controlling interest is provided below;  
 Proportion of equity interests held by non-controlling interests:

	The Company		% Shareholding	
	2022 N'000	2021 N'000	2022 %	2021 %
UPDC Facility Management Limited: 5,000,000 Ordinary Shares of ₦1.00 each	108,019	108,019	50	50

**18. (ii) Profit allocated to material non-controlling interest**

The summarized financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

**UPDC Facility Management Limited**

**Statement of profit or loss and other comprehensive income**

	2022 N'000	2021 N'000
Revenue from contract with customer	295,155	284,841
Cost of sales	(102,532)	(82,041)
Operating expenses	(107,973)	(87,734)
Finance cost	-	-
Other income	80,464	68,761
Profit before tax	165,114	183,828
Income tax expense	(53,669)	(67,252)
Profit for the year	111,445	116,576
Other comprehensive income	-	-
Total Comprehensive income	<b>111,445</b>	<b>116,576</b>
<i>Attributable to:</i>		
Equity holders of parent	55,722	58,288
Non-controlling interest	55,722	58,288
	<b>111,445</b>	<b>116,576</b>

**Summarised statement of financial position**

	2022 N'000	2021 N'000
Cash and bank balances (current)	527,545	379,026
Trade and other receivables (current)	80,355	99,482
Property, plant and equipment (non-current)	5,712	18,525
Intangible asset (non-current)	1,490	2,073
Trade and other payables (current)	(85,515)	(53,639)
Income tax payable (current)	(57,060)	(67,252)
Total Equity	472,527	378,215
<i>Attributable to:</i>		
Equity holders of parent	236,263	189,107
Non-controlling interest	236,263	189,107
	<b>472,527</b>	<b>378,215</b>



**Summarised cash flow information**

	<b>2022</b>	<b>2021</b>
	N'000	N'000
Operating	98,450	83,206
Investing	50,019	(798)
Financing	-	-
Net increase in cash and cash equivalents	148,469	82,408
Cash and cash equivalents at 1 January	379,076	296,668
<b>Cash and cash equivalents at 31 December</b>	<b>527,545</b>	<b>379,076</b>

**19. Inventories**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	N'000	N'000	N'000	N'000
Non trade stock	58,171	-	-	-
Properties under construction - Note 19 (i)	4,816,358	6,084,508	3,927,221	4,468,168
<b>Balance</b>	<b>4,874,529</b>	<b>6,084,508</b>	<b>3,927,221</b>	<b>4,468,168</b>

All Inventory above are carried at lower of cost or net realisable value at all the periods reported.

**19. (i). Properties under construction**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	N'000	N'000	N'000	N'000
Balance 1 January	6,084,508	4,270,744	4,468,168	4,270,744
Additions	2,380,740	1,638,802	2,000,000	22,462
Transfer from Calabar Golf Estate Ltd.	310,452	-	310,452	-
Transfer from investment properties	-	669,015	-	669,015
Disposal	(3,959,342)	(475,270)	(2,851,400)	(475,270)
Write-down of inventories	-	(18,783)	-	(18,783)
	<b>4,816,358</b>	<b>6,084,508</b>	<b>3,927,221</b>	<b>4,468,168</b>

**20. Trade and other receivables**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	N'000	N'000	N'000	N'000
Trade receivables	946,686	790,006	846,821	746,110
Less: Impairment of trade receivables (Note 3.1b)	(811,698)	(744,264)	(809,557)	(742,123)
Net trade receivables	<b>134,988</b>	<b>45,742</b>	<b>37,264</b>	<b>3,987</b>
Receivables from group companies (Note 29)	1,162,858	2,092,119	1,487,008	2,123,590
Other receivables (Note 20 (i))	618,125	515,733	446,680	449,454
Advances to staff	1,830	5,820	1,830	5,770
	<b>1,917,801</b>	<b>2,659,414</b>	<b>1,972,783</b>	<b>2,582,801</b>

**20. (i) Analysis of other receivables**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	N'000	N'000	N'000	N'000
Mobilization payments to contractors	87,588	26,902	26,767	26,902
Prepayments and accrued income	38,869	33,159	24,105	21,458
Withholding tax receivables	6,977	24,591	5,443	24,491
Other Debtors*	484,691	431,080	390,366	376,603
	<b>618,125</b>	<b>515,733</b>	<b>446,680</b>	<b>449,454</b>

Information about the credit exposures and impairment are disclosed in Note 3.

\*Other debtors comprise mainly of service charge expenses incurred on empty plot of land at Pinnock Beach. These are reimbursable by individual customers upon commencement of development work on their respective plots.

**21. Cash and cash equivalents**

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Cash at bank and in hand	1,325,577	1,044,171	776,582	665,146
Short term investment	1,754,056	834,181	1,754,056	664,777
Less: Impairment of Short term investments	(90)	(32)	(90)	(32)
<b>Cash and cash equivalents</b>	<b>3,079,542</b>	<b>1,878,320</b>	<b>2,530,547</b>	<b>1,329,891</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**22. Borrowings**

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
<b>Current borrowings</b>	-	-	-	-
<b>Non-current borrowings</b>				
UACN Plc Loan	1,994,446	2,516,509	1,994,446	2,516,509
Custodian Investment Plc Loan	2,373,786	2,995,144	2,373,786	2,995,144
	<b>4,368,232</b>	<b>5,511,653</b>	<b>4,368,232</b>	<b>5,511,653</b>
<b>Total borrowings</b>	<b>4,368,232</b>	<b>5,511,653</b>	<b>4,368,232</b>	<b>5,511,653</b>

Movement in total borrowing during the year is as follows:

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Balance as at 1 January	5,511,653	5,422,500	5,511,653	5,422,500
Proceeds from borrowings	-	5,903,073	-	5,903,073
Initial measurement of proceeds*	-	(391,420)	-	(391,420)
Interest accrued	521,432	763,707	521,432	763,707
Repayment of borrowings**	(1,143,421)	(5,422,500)	(1,143,421)	(5,422,500)
Interest paid	(450,445)	(675,522)	(450,445)	(675,522)
Interest unpaid reclassified to payables	(70,987)	(88,185)	(70,987)	(88,185)
<b>Balance</b>	<b>4,368,232</b>	<b>5,511,653</b>	<b>4,368,232</b>	<b>5,511,653</b>

\*In April 2021, the majority shareholders of UPDC Plc (CIP & UACN Plc) granted UPDC Plc a loan for N5.9billion at the rate of 9%/annum with a 3year moratorium. It was also agreed that the loan would be provided by CIP and UACN Plc's pro rata their shareholding in the UPDC i.e. CIP contributed 54.34% of the Loan whilst UACN Plc contributed 45.66% of the Loan. The purpose of the loan was to pay down the 5-year bond and UACN Bridge Finance. This loan was measured at amortised cost and the difference N391million at initial recognition was recognised in other reserves.

\*\*In December 2022, UPDC Plc repaid N1.143million, being the bridge portion of the Shareholders' loan to CIP & UACN Plc as well as the accrued interest as at the date of principal repayment.

**23. Trade and other payables**

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Trade payables	768,543	515,898	541,463	517,378
Contract liabilities (Note 24)	2,543,954	2,168,341	2,475,054	1,798,341
Amounts owed to other related parties (Note 29)	285,322	210,460	1,145,349	394,171
	<b>3,597,819</b>	<b>2,894,699</b>	<b>4,161,866</b>	<b>2,709,890</b>
Value Added Tax/ Withholding Tax Payables	74,689	14,840	28,624	6,931
Other payables	230,866	510,908	165,534	500,811
Assets Replacement Deposits	222,808	270,997	222,808	270,997
Unclaimed dividend (Note 24 (i))	269,576	252,411	252,411	252,411
Accruals	1,092,427	617,829	467,475	609,606
<b>Total</b>	<b>5,488,185</b>	<b>4,561,683</b>	<b>5,298,718</b>	<b>4,350,646</b>

\*Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The directors consider the carrying amount of trade and other payables to approximate its fair value due to their short term maturity period and no significant discounts is expected on payments of the obligations.

\*Other payables development levy deposits, and other payroll related statutory payment due.

\*Accruals is made up of legal fee, audit fee, amongst others.

**24. Contract liabilities**

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Deposit by customers	2,543,954	2,168,341	2,475,054	1,798,341
	<b>2,543,954</b>	<b>2,168,341</b>	<b>2,475,054</b>	<b>1,798,341</b>

This represents advances received from customers in respect of sale of property stocks and facility management fees. This is a non-interest bearing liability.

**24. (i) Unclaimed dividend**

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
As at 1 January	252,411	253,680	252,411	253,680
Dividend declared	17,165	-	-	-
Unclaimed dividend fund paid	-	(1,269)	-	(1,269)
	<b>269,576</b>	<b>252,411</b>	<b>252,411</b>	<b>252,411</b>

**25. Deferred revenue**

**Movement in the deferred revenue is as follows:**

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Opening balance	98,610	109,433	98,610	109,433
Deferred during the year	-	1,930	-	1,930
Recognised as revenue during the year	-	(12,753)	-	(12,753)
<b>Balance carried forward</b>	<b>98,610</b>	<b>98,610</b>	<b>98,610</b>	<b>98,610</b>

**26. Deferred taxation**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
<b>Deferred tax liabilities:</b>				
- Deferred tax liability to be recovered after more than 12 months	72,537	72,537	72,537	72,537
- Deferred tax liability to be recovered within 12 months	-	-	-	-
<b>Deferred tax liabilities / (assets)</b>	<b>72,537</b>	<b>72,537</b>	<b>72,537</b>	<b>72,537</b>

The gross movement on the deferred income tax account is as follows:

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
At 1 January	72,537	72,537	72,537	72,537
Recognised in Profit or Loss	-	-	-	-
<b>At 31 December</b>	<b>72,537</b>	<b>72,537</b>	<b>72,537</b>	<b>72,537</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

**The Group**

	Property, plant and equipment N'000	Investment property N'000	Provisions N'000	Tax losses N'000	Capital gains to be reinvested N'000	Exchange difference N'000	Total N'000
At 1 January 2021	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-	-
At 31 December 2021	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-	-
At 31 December 2022	<b>(69,440)</b>	<b>1,273,022</b>	<b>(96,895)</b>	<b>(1,151,609)</b>	<b>116,291</b>	<b>1,168</b>	<b>72,537</b>

**The Company**

	Property, plant and equipment N'000	Investment property N'000	Provisions N'000	Tax losses N'000	Capital gains to be reinvested N'000	Exchange difference N'000	Total N'000
At 1 January 2021	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-	-
At 31 December 2021	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-	-
At 31 December 2022	<b>(69,440)</b>	<b>1,273,022</b>	<b>(96,895)</b>	<b>(1,151,609)</b>	<b>116,291</b>	<b>1,168</b>	<b>72,537</b>

**UPDC Plc**  
**Notes to the Consolidated and Separate Financial Statements - Continued**  
**For the year ended 31 December 2022**

**27. Share capital**

Group and Company

	<b>2022</b>		<b>2021</b>	
	<b>Units</b> <b>'000</b>	<b>Amount</b> <b>N'000</b>	<b>Units</b> <b>'000</b>	<b>Amount</b> <b>N'000</b>
<i>Authorised:</i>				
Ordinary shares of 50k each	18,559,970	9,279,985	18,600,000	9,300,000
<i>Issued and fully paid:</i>				
Ordinary shares of 50k each	18,559,970	9,279,985	18,559,970	9,279,985
<b>Authorised shares</b>				
At 1 January	18,600,000	9,300,000	18,600,000	9,300,000
Share Cancellation	(40,030)	(20,015)	-	-
At 31 December	18,559,970	9,279,985	18,600,000	9,300,000

There was a cancellation of 40,030,000 unissued ordinary shares during the year, following the approval of the Shareholders at the 2022 Annual General Meeting of the company on the 22nd of May 2022.

**27 (i). Share Premium**

Share Premium is the premium on actual price of share issue above the par value of 50 kobo and it is used to take care of bonus issues.

Section 145 of Companies and Allied Matters Act, 2020 requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

**27 (ii). Revenue Reserves**

Revenue Reserves represents accumulated loss over the years.

## 28. Related party transactions

The ultimate parent and controlling party of the Company is Custodian Investment Plc incorporated in Nigeria. There are other companies that are related to UPDC through common shareholdings.

The following transactions were carried out with related parties:

### Period-end balances arising from sales/purchases of goods/services

	The Group		The Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
<b>Receivable:</b>				
Receivables balance	4,350,379	5,835,135	18,723,563	19,923,081
Provision for expected credit losses	(3,187,521)	(3,743,016)	(17,236,555)	(17,799,491)
<b>Balance as at 31 December</b>	<b>1,162,858</b>	<b>2,092,119</b>	<b>1,487,008</b>	<b>2,123,590</b>

### Period-end balances arising from sales/purchases of goods/services

	Relationship	The Group		The Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
<b>Receivable:</b>					
UPDC Metrocity Limited	Joint Venture	1,019,242	1,860,956	1,019,242	1,860,956
UPDC Hotel Ltd.	Subsidiary	-	-	14,330,230	14,045,538
First Festival Mall Limited	Joint Venture	2,614,513	2,614,513	2,614,513	2,614,513
First Restoration Dev. Co. Limited	Joint Venture	-	29,054	-	29,054
Calabar Golf Estate Limited	Joint Venture	-	647,598	-	647,598
Pinnacle Apartment Dev. Ltd/ Imani and Sons	JV Partner	325,347	300,346	325,347	300,346
Galaxy Mall Current Account	Joint Venture	74,034	74,034	74,034	74,034
Manor Gardens	Subsidiary	317,244	308,634	317,244	316,782
UPDC Facility Management Ltd.	Subsidiary	-	-	42,954	34,260
		4,350,379	5,835,135	18,723,563	19,923,081
Impairment of Intercompany receivables		(3,187,521)	(3,743,016)	(17,236,555)	(17,799,491)
		<b>1,162,858</b>	<b>2,092,119</b>	<b>1,487,008</b>	<b>2,123,590</b>

	Relationship	The Group		The Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
<b>Payable:</b>					
UAC of Nigeria Plc.	Associate	39,413	41,125	39,413	41,125
Custodian Investment Plc.	Parent	38,576	47,922	38,576	47,922
UPDC REIT	Equity investment	77,962	46,858	77,962	46,858
MDS Logistics Ltd.	Sister Company	1,787	1,787	1,787	1,787
James Pinnock	Joint Operation	-	72,741	-	72,741
First Restoration Dev. Co. Limited	Joint Venture	127,583	-	127,583	-
UAC Foods Limited	Sister Company	-	28	-	28
Deep Horizon Investment Ltd.	Subsidiary	-	-	860,027	183,710
		<b>285,322</b>	<b>210,460</b>	<b>1,145,349</b>	<b>394,171</b>

All trading balances will be settled in cash.

The related party transactions were carried out on commercial terms and conditions.

## 29. Events after reporting period

### Covid-19 Pandemic

#### Impact Review:

We have continued to implement our strategies for managing the impact of the pandemic on our business by focusing on our people, operations, customers and finances. Our strategy remains the same, and is as follows:

- People: We adopted a "People First" approach, ensuring the safety of our staff and customers. Flexible working was adopted to minimize the risk of exposure to the virus, and we were able to establish minimum disruption to business operations while working from home.
- Operations: Our businesses were stress tested at varying levels. We have continued to focus on cost optimization, negotiating discounts on every expenditure and agreeing appropriate payment plans with contractors.
- Strategy: We have reviewed and analyzed internal data and conducted market research, and based on these, we have reviewed our products and service offerings to align with the market. We will focus our energies on products and service offerings which offer stable and consistent demand
- Technology: We embraced digital transformation to ensure continued paperless access to our files, seamless communication with our employees and customers through virtual meeting platforms; and continued access to our products and services via the available digital channels.

#### Balance sheet analysis:

- Property, Plant and Equipment: The Company's Property Plant and Equipment consists mainly Motor Vehicles, Furniture & Fittings and Computer Equipment. We do not envisage any negative impact on this class of asset.
- Intangible Assets: This class of asset includes software, which will not be negatively impacted by the effects of the pandemic.
- Investment in Joint Ventures: There was a slowdown in sales of Joint Venture assets and recovery of receivables. We have planned for this in our budget for the year.
- Inventories: There was a slowdown in sales of property stock. Our new developments will focus on Middle Income housing, which will help drive revenue for the year.
- Trade and Other Receivables: We have performed a quarterly analysis and review of the portfolio and the impact on the Company. We will also continue to embark on recovery drives. Any required adjustment will be reflected in the appropriate reporting period.
- Non-current liabilities: The Company has put measures in place to ensure that the interest obligations on UACN and Custodian Investment Plc. loans are met as and when due. The principal repayment is not yet due until 2026.
- Current liabilities: We do not envisage any adverse impact on current liabilities.

**30. Disposal group held for sale and discontinued operations**

**UPDC Hotel Ltd.**

In 2017, the Board of UPDC Plc. decided to sell its investment in UPDC Hotel Ltd. (UHL). Consequently, the hotel was classified as a disposal group held for sale and as a discontinued operation in accordance with IFRS 5 in the 31 December 2017 financial statements

In FY ending 31 December 2022, the Directors, in the light of recent development, decided to rescind the decision to sell the Hotel, and hence reclassified back as continuing operations with effect from September 2022.

In line with the requirements of the IFRS 5 relevant adjustments with regards to this reclassification have been passed in the current period. Also as required by IFRS 13, a fair valuation of the relevant assets existing as at that date was carried out by an independently appointed asset valuer "Knight Frank with FRCN number FRC/2013/NIESV/00000000655", to ascertain the value placed on these assets of the Hotel.

Analysis of the results of the discontinued operations for prior year is as follows:

	<b>UPDC Hotel Ltd.</b>	
	<b>12 months ended 31 Dec 22 N'000</b>	<b>12 months ended 31 Dec 21 N'000</b>
Revenue	-	235,844
Cost of sales	-	(67,173)
<b>Gross profit</b>	<b>-</b>	<b>168,671</b>
Other operating costs	-	(404,104)
Other operating income	-	119,147
<b>Operating profit</b>	<b>-</b>	<b>(116,286)</b>
Finance income	-	-
<b>Loss before taxation from discontinued operations</b>	<b>-</b>	<b>(116,286)</b>
Taxation	-	-
<b>Loss from discontinued operations</b>	<b>-</b>	<b>(116,286)</b>
<i>Attributable to:</i>		
Equity holders of parent	-	(110,123)
Non-controlling interest	-	(6,163)
<b>Operating profit</b>	<b>-</b>	<b>(116,286)</b>

Analysis of the results of the disposal group held for sale and distribution to owners is as follows:

	<b>UPDC Hotel Ltd.</b>	
	<b>31 Dec 22 N'000</b>	<b>31 Dec 21 N'000</b>
<b>Assets</b>		
<b>Non-current assets:</b>		
Property, plant and equipment	-	11,943,485
Intangible assets	-	5,130
	-	11,948,615
<b>Current assets:</b>		
Inventories	-	48,951
Trade and other receivables	-	90,592
Cash and short-term deposits	-	27,761
	<b>-</b>	<b>167,304</b>
<b>Assets of disposal group classified as held for sale</b>	<b>-</b>	<b>12,115,919</b>
Less: Impairment of assets of disposal group held for sale	-	(4,029,237)
<b>Fair value of disposal group held for sale</b>	<b>-</b>	<b>8,086,682</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	-	1,187,897
<b>Liabilities of disposal group classified as held for sale</b>	<b>-</b>	<b>1,187,897</b>

<b>UPDC Free Float Computation</b>				
Company Name:	<b>UPDC PLC</b>			
Board Listed:	MAIN BOARD			
Year End:	December			
Reporting Period:	31 Dec 22			
Share Price at end of reporting period:	₦0.91			
<b>Shareholding Structure/Free Float Status</b>				
Description	31 Dec 22			
	Units	Percentage		
Issued Share Capital	18,559,969,936	100%		
<b>Substantial Shareholdings (5% and above)</b>				
Custodian Investment Plc	9,486,390,663	51.11%		
UAC of Nigeria Plc	7,953,143,897	42.85%		
Total Substantial Shareholdings	17,439,534,560	93.96%		
<b>Directors' Shareholdings (direct and indirect), excluding directors with substantial interests</b>				
Mr. Wole Oshin	-	-		
Mr. Folasope Aiyesimoju	-	-		
Mr. Odunayo Ojo	-	-		
Ms. Bidemi Fadayomi	-	-		
Mr. Adeniyi Falade	-	-		
Mr. Oyekunle Osilaja	-	-		
Total Directors' Shareholdings	-	-		
<b>Other Influential Shareholdings</b>				
First PCN/Crusader Pensions - PFA Main	216,154,500	1.16%		
Total Other Influential Shareholdings	216,154,500	1.16%		
<b>Free Float in Units and Percentage</b>	<b>904,280,876</b>	<b>4.88%</b>		
<b>Free Float in Value</b>	<b>₦693,815,153.25</b>			

**Declaration:**

UPDC Plc, with a free float percentage of 4.88% as at 31 December 2022, does not meet the free float requirements of the Nigerian Exchange Group for companies listed on the Main Board.

The Company is working on a plan to resolve this. This plan will be communicated appropriately as soon as it is implemented.