

R.T. BRISCOE (NIGERIA) PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<u>The Group</u>		<u>The Company</u>	
	Note	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Continuing operations					
Revenue	5	21,768,366	21,980,201	21,618,130	21,093,788
Cost of sales		(19,211,719)	(19,296,372)	(19,134,141)	(18,608,897)
Gross profit		<u>2,556,647</u>	<u>2,683,829</u>	<u>2,483,989</u>	<u>2,484,891</u>
Selling and distribution expenses		(544,860)	(481,997)	(544,860)	(481,997)
Administrative expenses		(1,209,975)	(1,260,057)	(1,140,891)	(1,180,380)
Operating profit		<u>801,812</u>	<u>941,775</u>	<u>798,238</u>	<u>822,514</u>
Investment income	7	51,918	62,838	35,517	38,526
Other gains and losses	8	460,659	29,641	458,128	23,794
Finance costs	9	(1,465,991)	(1,262,757)	(1,465,991)	(1,262,757)
Loss before tax		<u>(151,602)</u>	<u>(228,503)</u>	<u>(174,108)</u>	<u>(377,923)</u>
Taxation	10.1	59,586	(52,216)	70,321	(4,102)
Loss for the year	11	<u>(92,016)</u>	<u>(280,719)</u>	<u>(103,787)</u>	<u>(382,025)</u>
Other comprehensive income, net of income tax					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of defined benefit obligation	27.2	7,774	(10,137)	7,774	(10,137)
Total comprehensive loss for the year		<u>(84,242)</u>	<u>(290,856)</u>	<u>(96,013)</u>	<u>(392,162)</u>
Loss for the year attributable to:					
Owners of the Company		(92,391)	(283,150)	(103,787)	(382,025)
Non-controlling interests		375	2,431	-	-
		<u>(92,016)</u>	<u>(280,719)</u>	<u>(103,787)</u>	<u>(382,025)</u>
Total comprehensive (loss)/profit attributable to:					
Owners of the Company		(84,617)	(293,287)	(96,013)	(392,162)
Non-controlling interests		375	2,431	-	-
		<u>(84,242)</u>	<u>(290,856)</u>	<u>(96,013)</u>	<u>(392,162)</u>
Loss per share					
Basic	12	<u>(8)</u>	<u>(24)</u>	<u>(9)</u>	<u>(32)</u>

**CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	<u>The Group</u>		<u>The Company</u>	
		31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Non-current assets					
Property, plant and equipment	13	1,177,588	1,956,763	1,160,696	1,118,416
Intangible assets	14	12,966	19,447	12,966	19,447
Goodwill	15	33,999	33,999	-	-
Financial assets	16	140,000	140,000	140,000	140,000
Investment in subsidiary	17	-	-	141,475	952,325
Deferred tax assets	18	523,010	38,877	521,409	41,595
Long term receivables	21	586,087	157,758	586,087	157,758
Total non-current assets		2,473,650	2,346,844	2,562,633	2,429,541
Current assets					
Inventories	20	5,625,481	4,674,863	4,101,094	4,598,697
Trade and other receivables	21	5,537,227	4,399,210	6,445,759	4,294,419
Other assets	19	1,427,517	1,353,082	1,419,923	1,343,111
Cash and bank balances	22.1	255,739	1,340,931	217,809	984,887
Total current assets		12,845,964	11,768,086	12,184,585	11,221,114
Total assets		15,319,614	14,114,930	14,747,218	13,650,655
Current liabilities					
Trade and other payables	23	938,908	1,058,155	637,236	874,335
Borrowings	24	10,174,444	8,933,611	10,174,444	8,933,611
Dividend payable	25	81,047	81,111	81,047	81,111
Other liabilities	26	503,895	690,866	407,779	589,548
Current tax liabilities	10.2	73,558	95,495	45,097	45,321
Total current liabilities		11,771,852	10,859,238	11,345,603	10,523,926
Non-current liabilities					
Deferred tax liabilities	18	373,234	-	368,166	-
Retirement benefit obligation	27.2	124,774	122,504	124,774	122,504
Total non-current liabilities		498,008	122,504	492,940	122,504
Total liabilities		12,269,860	10,981,742	11,838,543	10,646,430
Equity					
Share capital	28	588,177	588,177	588,177	588,177
Share premium account	29	409,862	409,862	409,862	409,862
Retained earnings	30	2,043,548	2,127,702	1,910,636	2,006,186
Attributable to:					
Owners of the Company		3,041,587	3,125,741	2,908,675	3,004,225
Non-controlling interest	31	8,167	7,447	-	-
Total equity		3,049,754	3,133,188	2,908,675	3,004,225
Total equity and Liabilities		15,319,614	14,114,930	14,747,218	13,650,655

The financial statements were approved by the board of directors and authorised for issue on April, 2014. They were signed on its behalf by:



Mr. Clement Olowokande
Chairman
FRC/2013/ICAN/00000001875

Mr. Oluseyi Onajide
Managing Director
FRC/2013/ICAN/00000002194

Mr. Segun Ogunsola
General Manager, Finance
FRC/2013/ICAN/00000002198

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

The Group

	Share Capital N'000	Share premium N'000	Retained Earnings N'000	Attributable to		Total Equity N'000
				Owners of the company N'000	Non controlling interest N'000	
Balance at 1 January 2012	490,147	507,892	2,519,019	3,517,058	4,912	3,521,970
Issue of Share capital	98,030	-	(98,030)	-	-	-
Transfer for bonus issue	-	(98,030)	-	(98,030)	-	(98,030)
Loss for the year	-	-	(293,287)	(293,287)	2,431	(290,856)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	98,030	(98,030)	(391,317)	(391,317)	2,431	(388,886)
Share based payment				-	104	104
Balance at 31 December 2012	588,177	409,862	2,127,702	3,125,741	7,447	3,133,188
Adjustment	-	-	463	463	-	463
Loss for the year	-	-	(92,391)	(92,391)	375	(92,016)
Other comprehensive income	-	-	7,774	7,774	-	7,774
Total comprehensive income for the period	-	-	(84,617)	(84,617)	375	(84,242)
Share based payment	-	-	-	-	345	345
Balance at 31 December 2013	588,177	409,862	2,043,548	3,041,587	8,167	3,049,754

The Company

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2012	490,147	507,892	2,496,378	3,494,417
Issue of Share capital	98,030	-	(98,030)	-
Transfer for bonus issue	-	(98,030)	-	(98,030)
Loss for the year	-	-	(392,162)	(392,162)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	98,030	(98,030)	(490,192)	(490,192)
Balance at 31 December 2012	588,177	409,862	2,006,186	3,004,225
Adjustment			463	463
Loss for the year	-	-	(103,787)	(103,787)
Other comprehensive income	-	-	7,774	7,774
Total comprehensive income for the period	-	-	(96,013)	(96,013)
Balance at 31 December 2013	588,177	409,862	1,910,636	2,908,675

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOW

	Note	The Group		The Company	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
		N'000	N'000	N'000	N'000
Cashflow from operating activities					
Cash receipt from customers		21,084,285	23,110,541	19,918,195	22,660,306
Cash paid to suppliers and employees		<u>(21,606,668)</u>	<u>(21,671,622)</u>	<u>(20,151,032)</u>	<u>(20,687,317)</u>
Cash generated from operations		(522,383)	1,438,919	(232,837)	1,972,989
Net value added tax paid		(126,373)	(33,660)	(116,705)	(33,660)
Income taxes paid	10	<u>(73,250)</u>	<u>(121,392)</u>	<u>(41,551)</u>	<u>(103,566)</u>
Net cash generated by operating activities	33	<u>(722,006)</u>	<u>1,283,867</u>	<u>(391,093)</u>	<u>1,835,763</u>
Cashflow from investing activities					
Purchase of property, plant and equipment	13	(191,549)	(179,217)	(189,947)	(159,739)
Purchase of investments	16	-	-	-	(810,925)
Interest received	8	21,527	33,625	7,126	10,307
Proceeds from sale of Property, plant and equipment		6,723	1,069	6,723	707
Investment income	7	<u>25,335</u>	<u>28,219</u>	<u>25,335</u>	<u>28,219</u>
Net cash generated by investing activities		<u>(137,964)</u>	<u>(116,304)</u>	<u>(150,763)</u>	<u>(931,431)</u>
Cashflow from financing activities					
Interest paid		(1,465,991)	(1,262,757)	(1,465,991)	(1,262,757)
Dividends paid	26	<u>(64)</u>	<u>(97,996)</u>	<u>(64)</u>	<u>(97,996)</u>
Net cash generated by financing activities		<u>(1,466,055)</u>	<u>(1,360,753)</u>	<u>(1,466,055)</u>	<u>(1,360,753)</u>
Net increase/(decrease) in cash and cash equivalents		(2,326,025)	(193,196)	(2,007,911)	(456,421)
Cash and cash equivalents at beginning of year	22	<u>(7,592,680)</u>	<u>(7,399,484)</u>	<u>(7,948,724)</u>	<u>(7,492,303)</u>
Cash and cash equivalents at end of year	22	<u>(9,918,705)</u>	<u>(7,592,680)</u>	<u>(9,956,635)</u>	<u>(7,948,724)</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. Description of business

The Company was incorporated as a private limited liability company on 9 March 1957 and was converted to a public limited liability company in 1973. It was listed on the Nigerian Stock Exchange on 15 March 1974. On 30 December 2011, the Company acquired additional shares in Briscoe Properties Limited (BPL) by the acquisition of the shares held by Assets and Resources Management Limited, thereby increasing its holding in BPL to 97.61%. On 16 of July 2012, the Company acquired the shares of Suites Resorts as a wholly owned subsidiary through direct control of 0.5% and indirect control through Briscoe Properties Limited of 99.5%.

The company is engaged in the sales and servicing of Toyota and Ford motor vehicles, technical equipment, including forklifts, industrial compressors and mining and drilling equipment and generating sets, the company is also a mega distributor of Schneider products for the supply of electrical equipment and fittings. The activity also includes facility management, property development and sale and leasing of property.

1.1 Composition of financial statements

The financial statements are drawn up in Naira, the functional currency of the Group in accordance with IFRS accounting presentation. The financial statements comprise:

- Consolidated statement of profit or loss and other comprehensive Income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the financial statements.

1.2 Basis for preparation

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

1.3 Financial period

These financial statements cover the financial year ended 31 December 2013, with comparative amounts for the financial year ended 31 December 2012 and relevant disclosures.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures.

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements. The impact of the application of these standards is set out below.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (cont'd)

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Specifically, the Group has a 97% ownership interest in Briscoe Properties Limited. The Group's ownership interest gives the Group the same percentage of the voting rights in Briscoe Properties Limited. The Group's 97% ownership interest in Briscoe Properties Limited was acquired in January 2012 and there has been no change in the Group's ownership in Briscoe Properties Limited since then. The remaining 3% of the ordinary shares of Briscoe Properties Limited are owned by several shareholders, none individually holding more than two per cent. Other subsidiaries are explained in note 17.

The directors of the Company made an assessment as at the date of initial application of IFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over Briscoe Properties Limited in accordance with the new definition of control and the related guidance set out in IFRS 10. The directors concluded that it has had control over Briscoe Properties Limited since the acquisition in January 2012 on the basis of the Group's absolute size of holding in Briscoe Properties Limited and the relative size of and dispersion of the shareholdings owned by the other shareholders. Therefore, in accordance with the requirements of IFRS 10, Briscoe Properties Limited has been a subsidiary of the Company since January 2012. Other subsidiaries are explained in note 17.

Impact of the application of IFRS 11

IFRS 11 replaces IAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers, has been incorporated in IAS 28 (as revised in 2011).

IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements - joint operations and joint ventures.

The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 contemplated three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The Group does not have investments in joint arrangements in accordance with the requirements of IFRS 11. The directors concluded that restatement of balances is not applicable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (cont'd)

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period (please see notes 13, 14 and 36 for the 2013 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (cont'd)

Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012)

The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Group are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied a number of new and revised IFRSs (see the discussion above), which has resulted in material effects on the information in the consolidated statement of financial position as at 1 January 2012. In accordance with the amendments to IAS 1, the Group has presented a third statement of financial position as at 1 January 2012 without the related notes except for the disclosure requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors as detailed below.

IAS 19 Employee Benefits (as revised in 2011)

In the current year, the Group has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 Financial Instruments²

Amendments to IFRS 9 and IFRS 7

Mandatory Effective Date of IFRS 9 and Transition Disclosures²

Amendments to IFRS 10, IFRS 12 and IAS 27

Investment Entities¹

Amendments to IAS 32

Offsetting Financial Assets and Financial Liabilities¹

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue but not yet effective (cont'd)

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Group is not an investment entity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.2 New and revised IFRSs in issue but not yet effective (cont'd)

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities.

Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

3. Significant accounting policies

3.1 Compliance with applicable law and IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Pursuant to the accrual basis of accounting followed by the Group, the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are usually measured at amortized cost. Financial assets and liabilities are usually measured at fair value.

The principal accounting policies are set out below.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.3 Basis of consolidation (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of disposed of the related assets or liabilities of the subsidiary (i.e. reclassified any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.5.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.5.2 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period.
- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.
- Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

3.5.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.5.4 Rental income

The Group's policy for recognition of revenue from operating leases is described in note 3.6 below.

3.5.5 Segment reporting

The Group's business segments are presented on product and service line basis. Segment revenue and cost represent operating revenue and expenses respectively that are directly attributable to each segment.

3.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.6.1 The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.7 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks .
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

3.8 Borrowing costs

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.

3.9 Retirement benefit costs and termination benefits

3.9.1 Defined Contribution Plans

Employees are members of defined contribution plans. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Income Statement in the periods during which services are rendered by employees.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.9.2 Defined benefit obligation

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3.10 Share-based payment arrangements

3.10.1 Share-based payment transactions of the subsidiary

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (Non controlling interest in the group).

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated [statement of profit or loss and other comprehensive income/ statement of profit or loss] because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

3.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.12 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on other assets is charged to the income statement using the straight-line method so as to write off the cost to their residual values over their estimated useful lives on the following bases:

	Useful Life (years)
Leasehold land and buildings	Over the unexpired period of lease
Plant, equipment, furniture and fittings	6.7
I.T equipment	3.3
Motor vehicle and transport equipment	4

Land is not depreciated. No depreciation is charged on capital work in progress.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.13 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.14 Intangible assets

The following useful lives are used in the calculation of amortisation:

	Useful life(s)
Computer software	5 years

3.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.14.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.15 Impairment of tangible and intangible assets other than goodwill (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see note 3.14 above).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of finished goods includes direct purchase cost and related interest cost. Work in progress includes material cost and a proportion of direct labour and related overheads.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.17.1 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3.18 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.18.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.18.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 36.

3.18.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

3.18.4 Available-for-sale financial assets (AFS financial assets)

"AFS financial assets are non-derivatives that are either designated as AFS or are not classified as

- (a) loans and receivables,
- (b) held-to-maturity investments or
- (c) financial assets at fair value through profit or loss."

"Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 37. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.18.4 Available-for-sale financial assets (AFS financial assets)

When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established."

"The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period."

3.18.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.18.6 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.18.6 Impairment of financial assets (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3.18.7 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts

3.19 Financial liabilities and equity instruments

3.19.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised as the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.19.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.19.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 36.

3.19.3.2 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.19.3.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37.
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3.19.3.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.20 Earnings per share

Earnings per share is calculated by dividing net income by the number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing net income by the fully-diluted number of ordinary shares outstanding during the period.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical accounting judgements

The following are the critical judgements that the directors have made in the process of applying group accounting policies and that have most significant effect on the amount recognised in the consolidated financial statements.

4.1.1 Revenue recognition

In the application of the Group's policy that states that revenues are recognized when significant risks and rewards has been transferred to the buyer, Management has ensured that revenues are recognised when goods are delivered to Customers. When goods remain in the Company's facility as a result of delayed transportation arrangement by the Customer, the Customers are aware based on practice and signed contract notes that the risks and reward of such goods remain with them.

4.1.2 Held-to-maturity financial assets

The directors have reviewed the Group's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

4.1.3 Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

4.1.4 Discount rate used to determine the carrying amount of the Group's defined benefit obligation

The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of financial assets and liabilities within the next financial year.

4.2.1 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 December 2013 was N34 million (31 December 2012: N34 million) after an impairment loss of Nil was recognised during 2013 (2012: nil). Details of the impairment loss calculation are set out in note 16.

4.2.2 Useful life of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2013 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

4.2.3 Allowance for doubtful receivables

Judgement is exercised to make allowance for trade receivables doubtful of recovery by reference to the financial and other circumstances of the debtor in question. Based on the credit terms and historical experience regarding trade receivables, the Group makes both individual and collective impairment allowance for doubtful debt.

4.2.4 Impairment of financial assets

The Group reviews its receivables to assess impairment at least on an annual basis. The Group's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

4.2.5 Provision for obsolete inventory

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future salability of the product and the net realizable value for such product. Accordingly, provision for impairment, if any, is made where the net realizable value is less than cost based on best estimates by the management.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

4.2.6 Valuation of financial liabilities

Financial liabilities have been measured at amortised cost. The effective interest rate used in determining the amortised cost of the individual liability amounts has been estimated using the contractual cash flows on the loans. IAS 39 requires the use of the expected cash flows but also allows for the use of contractual cash flows in instances where the expected cash flows cannot be reliably determined. However, the effective interest rate has been determined to be the rate that effectively discounts all the future contractual cash flows on the loans including processing, management fees and other fees that are incidental to the different loan transactions.

4.2.7 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.2.8 Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Financial Officer of the Group, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 36.

5 Revenue

An analysis of revenue is as follows:

	The Group		The Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Motors	18,799,209	18,005,656	18,799,209	18,005,656
Industrial equipment	2,369,433	1,592,529	2,369,433	1,592,529
Aftersales	404,875	1,410,214	404,875	1,410,214
Property development	150,236	886,413	-	-
Others	44,613	85,389	44,613	85,389
	21,768,366	21,980,201	21,618,130	21,093,788

Turnover is derived substantially from sales and services rendered in Nigeria.

6 Segment Reporting

6.1 Products and services from which reportable segments derive their revenues

Information reported to the entity's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the category of products for each type of activity. The reportable segments under IFRS 8 are as follows:

Segments	Motor vehicles
	Industrial equipment
	Aftersales
	Properties Management
	Others

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

6.2 Segment Revenue and results

The Group

	31/12/2013		
	Segment Revenue N'000	Cost of sales N'000	Gross Profit N'000
Motor vehicles	18,799,209	(16,595,878)	2,203,331
Industrial equipment	2,369,433	(2,138,747)	230,686
Aftersales	404,875	(365,457)	39,418
Property development	150,236	(77,578)	72,658
Others	44,613	(34,059)	10,554
	21,768,366	(19,211,719)	2,556,647

	31/12/2012		
	Segment Revenue N'000	Cost of sales N'000	Gross Profit N'000
Motor vehicles	18,005,656	(16,326,117)	1,679,539
Industrial equipment	1,592,529	(1,251,386)	341,143
Aftersales	1,410,214	(951,914)	458,300
Property development	886,413	(687,475)	198,938
Others	85,389	(79,480)	5,909
	21,980,201	(19,296,372)	2,683,829

The Company

	31/12/2013		
	Segment Revenue N'000	Cost of sales N'000	Gross Profit N'000
Motor vehicles	18,799,209	(16,595,878)	2,203,331
Industrial equipment	2,369,433	(2,138,747)	230,686
Aftersales	404,875	(365,457)	39,418
Others	44,613	(34,059)	10,554
	21,618,130	(19,134,141)	2,483,989

	31/12/2012		
	Segment Revenue N'000	Cost of sales N'000	Gross Profit N'000
Motor vehicles	18,005,656	(16,326,117)	1,679,539
Industrial equipment	1,592,529	(1,251,386)	341,143
Aftersales	1,410,214	(951,914)	458,300
Others	85,389	(79,480)	5,909
	21,093,788	(18,608,897)	2,484,891

There was no intersegment transaction as all revenue generated above was from external customers.

The accounting policies of the reportable segments are the same as the company's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of general operating expenses, other gains and losses recognised on investment income, other gains and losses as well as finance costs.

6.3 Segment assets and liabilities

The entity does not report its assets and liabilities on a segment basis as the segments are not assessed by the key decision makers on this basis.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

7 Investment income

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Rental income:				
Operating lease rental income:				
Investment property	5,056	994	3,056	-
Interest income:				
Interest receivable	21,527	28,219	7,126	10,307
Income from available-for-sale investments	25,335	33,625	25,335	28,219
	<u>51,918</u>	<u>62,838</u>	<u>35,517</u>	<u>38,526</u>

The following is an analysis of investment income by category of asset:

Loans and receivables (including cash and bank balances)	21,527	28,219	7,126	10,307
Available-for-sale investments	25,335	33,625	25,335	28,219
Total interest income for financial assets not designated at fair value through profit or loss	46,862	61,844	32,461	38,526
Income earned on non-financial assets	5,056	994	3,056	-
	<u>51,918</u>	<u>62,838</u>	<u>35,517</u>	<u>38,526</u>

8 Other gains and losses

Gain/(Loss) on disposal of property, plant and equipment	6,723	1,069	6,723	707
Exchange gain/(loss)	72,365	(5,840)	72,365	(5,840)
Insurance commission	2,607	2,447	2,607	2,447
Doubtful debts recovered	55,764	24,088	55,764	20,836
Sundry income including Withholding tax recovery	323,200	7,877	320,669	5,644
	<u>460,659</u>	<u>29,641</u>	<u>458,128</u>	<u>23,794</u>

9 Finance costs

Interest in bank overdrafts and loans (except from related parties)	360,707	317,139	360,707	317,139
Interest on commercial papers	1,105,284	945,618	1,105,284	945,618
	<u>1,465,991</u>	<u>1,262,757</u>	<u>1,465,991</u>	<u>1,262,757</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

10 Taxation

	<u>The Group</u>		<u>The Company</u>	
10.1 Income tax recognised in profit or loss	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Current tax				
Current tax expense in respect of the current year:				
Income tax	49,489	84,517	40,925	41,522
Education tax	1,028	4,442	402	1,245
	50,517	88,959	41,327	42,767
Provision for non-recoverable withholding tax	-	86,748	-	86,748
	50,517	175,707	41,327	129,515
Deferred tax				
Deferred tax income for current year	(110,103)	(123,491)	(111,648)	(125,413)
Total income tax expense recognised in current year for continuing operations	(59,586)	52,216	(70,321)	4,102

Corporation tax is calculated at 30 per cent (2012: 30 per cent) of the estimated taxable profit for the year.

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended.

The charge for education tax of 2 per cent (2012: 2 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

Reconciliation of income tax expense for the year to the accounting profit as per the statement of profit or loss:

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Profit before tax on continuing operations	(151,602)	(228,503)	(174,108)	(377,923)
Income tax expense calculated at 30% (2012: 30%)	(45,481)	(68,551)	(52,232)	(113,377)
Effect of:				
Effect of income that is exempt from taxation	(23,726)	(954)	(23,726)	(954)
Effect of expenses that are not deductible in determining taxable profit	44,439	11,730	44,439	11,730
Minimum tax adjustment	(8,125)	-	(7,329)	-
Effect of previously unrecognised and unused tax losses and deductible temporary-differences now recognised as deferred tax assets	(27,721)	-	(31,875)	-
Education tax charged to profit and loss	1,028	4,442	402	1,245
Investment allowance	-	(880)	-	(880)
Provision for recoverable withholding tax	-	106,429	-	106,338
Income tax expense recognised in profit or loss for continuing operations	(59,586)	52,216	(70,321)	4,102

10.2 Current tax liabilities

At 1 January	95,495	127,934	45,321	106,120
Adjustment relating to prior year	796	-	-	-
Charged for the year	50,517	88,959	41,327	42,767
Payments during the year	(73,250)	(121,398)	(41,551)	(103,566)
	73,558	95,495	45,097	45,321

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

11 Loss for the year from continuing operations

Loss for the year has been arrived at after charging/(crediting):

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Depreciation and amortisation expense:				
Depreciation of property, plant and equipment:				
Cost of sales	27,127	31,778	27,127	31,778
Selling and distribution expenses	68,711	64,328	68,711	64,328
Administrative expenses	53,866	49,602	52,292	43,533
	149,704	145,708	148,130	139,639
Amortisation of intangible assets (included in administrative expenses)	6,481	6,483	6,481	6,483
	156,185	152,191	154,611	146,122
Employee benefits expense:				
Actuarial (gain)/loss	(7,774)	10,137	(7,774)	10,137
	(7,774)	10,137	(7,774)	10,137
Audit fee	23,155	21,050	18,480	16,800

12 Loss per share

Loss per share are calculated on the basis of profit after taxation and the number of issued and fully paid ordinary shares of each financial year.

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Basic loss per share				
From continuing operations (kobo)	(8)	(24)	(9)	(32)
Total basic loss per share (kobo)	(8)	(24)	(9)	(32)

12.1 Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Loss from continuing operations				
Loss for the year attributable to owners of the Company	(92,391)	(283,150)	(103,787)	(382,025)
Loss used in the calculation of basic earnings per share	(92,391)	(283,150)	(103,787)	(382,025)
Number of shares				
1,176,353,697 issued and fully paid ordinary shares	1,176,354	1,176,354	1,176,354	1,176,354
Loss per share (kobo) - Basic	(8)	(24)	(9)	(32)

The denominators for the purposes of calculating basic loss per share is based on issued and paid ordinary shares of 50 kobo each.

12.2 Impact of changes in accounting policies

There were no changes in the company's accounting policies during the year that impacted loss per share.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

13 Property, plant and equipment

13.1 The Group

Cost or Valuation	Leasehold land and buildings N'000	Plant, equipment, furniture and fittings N'000	I.T equipment N'000	Motor vehicle and transport equipment N'000	Capital work in progress N'000	Total N'000
At 1 January 2013	1,769,269	334,703	123,181	456,489	95,974	2,779,616
Adjustment (Note 30.1)	463	-	-	-	-	463
Additions	21,685	49,609	21,743	90,374	8,138	191,549
Transfer on consolidation of subsidiary	(815,000)	-	-	-	-	(815,000)
Disposals	-	-	-	(52,226)	-	(52,226)
At 31 December 2013	976,417	384,312	144,924	494,637	104,112	2,104,402
Accumulated depreciation and impairment						
At 1 January 2013	252,231	218,545	109,519	242,558	-	822,853
Charge for the year	26,770	28,759	17,810	82,848	-	156,187
Eliminated on disposals	-	-	-	(52,226)	-	(52,226)
At 31 December 2013	279,001	247,304	127,329	273,180	-	926,814
Carrying amount						
At 31 December 2013	697,416	137,008	17,595	221,457	104,112	1,177,588
At 31 December 2012	1,517,038	116,158	13,662	213,931	95,974	1,956,763

13.1a Impairment losses recognised in the year

Impairment losses recognised in respect of property, plant and equipment in the year was Nil (2012: Nil).

The impairment losses have been included in the line item [other expenses/cost of sales] in the statement of profit or loss.

13.1b Assets pledged as security

The Company provided negative pledges over the company's assets in respect of bank borrowing, commercial papers and overdrafts.

13.1c Contractual commitments

At 31 December 2013, the group had no contractual commitments for the acquisition of property, plant and equipment (2012: Nil).

13.1d Capital work in progress

Capital work in progress represents cost incurred so far in connection with construction of service centre in Asaba, Delta state.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

13 Property, plant and equipment

13.2 The Company

	Leasehold land and buildings N'000	Plant, equipment, furniture and fittings N'000	I.T equipment N'000	Motor vehicle and transport equipment N'000	Capital work in progress N'000	Total N'000
Cost /revaluation						
At 1 January 2013	954,270	327,658	116,581	423,467	95,974	1,917,950
Adjustment (Note 30.1)	463	-	-	-	-	463
Additions	21,685	48,783	20,967	90,374	8,138	189,947
Disposals	-	-	-	(52,226)	-	(52,226)
At 31 December 2013	976,418	376,441	137,548	461,615	104,112	2,056,134
Accumulated depreciation and impairment						
At 1 January 2013	252,231	215,273	104,904	227,126	-	799,534
Charge for the year	26,770	27,723	16,955	76,682	-	148,130
Eliminated on disposals	-	-	-	(52,226)	-	(52,226)
At 31 December 2013	279,001	242,996	121,859	251,582	-	895,438
Carrying amount						
At 31 December 2013	697,417	133,445	15,689	210,033	104,112	1,160,696
At 31 December 2012	702,039	112,385	11,677	196,341	95,974	1,118,416

13.2a Impairment losses recognised in the year

Impairment losses recognised in respect of property, plant and equipment in the year amounted to Nil (2012: Nil). The impairment losses have been included in the line item [other expenses/cost of sales] in the statement of profit or loss.

13.2b Assets pledged as security

The Company provided negative pledges over the company's assets in respect of bank borrowing, commercial papers and overdrafts.

13.2c Contractual commitments

At 31 December 2013, the company had no contractual commitments for the acquisition of property, plant and equipment (2012: Nil).

14 Intangible assets

14.1 The Group

	Computer Software N'000	Total N'000
Cost		
At 1 January 2013	32,413	32,413
Additions	-	-
At 31 December 2013	32,413	32,413
Amortisation		
At 1 January 2013	12,966	12,966
Charge for the year	6,481	6,481
Adjustments	-	-
At 31 December 2013	19,447	19,447
Carrying amount		
At 31 December 2013	12,966	12,966
At 31 December 2012	19,447	19,447

14.1a Significant intangible assets

The Group has a Navision dynamics computer software. The carrying amount of the software N12.9 million (2012: N19.4 million) will be fully amortised in 2 years (2012: 3 years)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

14 Intangible assets (continued)

14.2 The Company

	Computer Software N'000	Total N'000
Cost		
At 1 January 2013	32,413	32,413
Additions	-	-
At 31 December 2013	32,413	32,413
Amortisation		
At 1 January 2013	12,966	12,966
Charge for the year	6,481	6,481
At 31 December 2013	19,447	19,447
Carrying amount		
At 31 December 2013	12,966	12,966
At 31 December 2012	19,447	19,447

14.2a Significant intangible assets

The Company has a Navision dynamics computer software. The carrying amount of the software N12.9million (2012: N19.4 million) will be fully amortised in 2 years (2012: 3 years)

15 Goodwill

15.1 The Group

	31/12/2013 N'000	31/12/2012 N'000
Cost	33,999	33,999
Accumulated impairment losses	-	-
Carrying Amount	33,999	33,999
Cost		
Balance at the beginning of the year	33,999	33,999
Arising on acquisition of subsidiary during the year	-	-
Balance at the end of the year	33,999	33,999
Accumulated impairment losses		
Balance at the beginning of the year	-	-
Impairment losses recognised for the year	-	-
Balance at the end of the year	-	-

15.2 Allocation of Goodwill to cash generating unit

Goodwill has been allocated for impairment testing purposes to Briscoe Properties Nigeria Limited.

16 Financial assets

16.1 The Group

	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Available-for-sale investments				
Shares (Note 16.2)	140,000	140,000	140,000	140,000
	140,000	140,000	140,000	140,000

16.2 This represents equity notes in Fara Park Limited with a guaranteed returns of 18% per annum.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

17 Investments in Subsidiaries

Details of the subsidiaries at the end of the reporting period are as follows:

The Company

Name of subsidiary	Principal activity	Place of operation	Proportion of ownership interest and voting power held by the company	
			31/12/2013	31/12/2012
	<i>Facility management, property development and sales and leasing of property.</i>			
Briscoe Properties Limited		Nigeria	97.00%	97.47%
Suite Resorts Limited	Shell Company	Nigeria	0.05%	95.00%
Briscoe Leasing Limited	Not operational	Nigeria	100.00%	0.00%
IMC Airpower Limited	Not operational	Nigeria	100.00%	0.00%
Briscoe-Ford Nigeria Limited	Not operational	Nigeria	100.00%	0.00%
Briscoe Garages Limited	Not operational	Nigeria	100.00%	0.00%

	<u>The Company</u>	
	31/12/2013 N'000	31/12/2012 N'000
Beginning of the year	952,325	141,400
Transfer from investment in associate	-	-
Transfer to Briscoe properties (Note 17.1)	(810,850)	-
Cost of acquisition during the year	-	810,925
	<u>141,475</u>	<u>952,325</u>

17.1 During the year, R.T Briscoe transferred its ownership in Suite Resorts to Briscoe Properties, retaining only 0.05% direct ownership and an indirect ownership through Briscoe properties of 99.5%.

17.2 Briscoe Leasing Limited, IMC Airpower Limited, Briscoe Ford Nigeria Limited and Briscoe Garages Limited are companies created and are subsidiaries of R.T Briscoe Plc. They have not started operations, but are consolidated under IFRS 10.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the group/company has a legally enforceable right to do so. The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period.

18.1 <u>The Group</u>	31/12/2013 N'000	31/12/2012 N'000
At 1 January	(38,877)	84,614
Charged to profit or loss	(110,103)	(123,491)
Adjustment relating to prior year	(796)	-
At 31 December	<u>(149,776)</u>	<u>(38,877)</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

18 Deferred taxation (cont'd)

The following is the analysis of the deferred tax assets(liabilities) after offset presented in the Statement of Financial Position:

	31/12/2013 N'000	31/12/2012 N'000
Deferred tax liabilities	373,234	-
Deferred tax assets	(523,010)	(38,877)
	<u>(149,776)</u>	<u>(38,877)</u>

18.2 The Company

	31/12/2013 N'000	31/12/2012 N'000
At 1 January	(41,595)	83,818
Charged to profit or loss	(111,648)	(125,413)
At 31 December	<u>(153,243)</u>	<u>(41,595)</u>

The following is the analysis of the deferred tax assets (liabilities) after offset presented in the Statement of Financial Position:

	31/12/2013 N'000	31/12/2012 N'000
Deferred tax liabilities	368,166	-
Deferred tax assets	(521,409)	(41,595)
	<u>(153,243)</u>	<u>(41,595)</u>

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
19 Other assets				
Prepayments	157,772	189,022	155,178	184,051
Advance payment to suppliers	1,269,745	1,164,060	1,264,745	1,159,060
	<u>1,427,517</u>	<u>1,353,082</u>	<u>1,419,923</u>	<u>1,343,111</u>
Current	1,427,517	1,353,082	1,419,923	1,343,111
Non current	-	-	-	-
	<u>1,427,517</u>	<u>1,353,082</u>	<u>1,419,923</u>	<u>1,343,111</u>
20 Inventories				
Finished goods				
Motor vehicles (Note 20.2)	2,589,112	2,076,847	2,589,112	2,076,847
Equipment	1,165,895	2,174,666	1,165,895	2,174,666
Parts (Note 20.1)	520,117	480,608	520,117	480,608
Service work in progress	76,127	97,314	76,127	61,060
Trading properties	39,912	39,912	-	-
Consumable stores	2,783	3,140	2,783	3,140
Construction work in progress	1,484,475	-	-	-
	5,878,421	4,872,487	4,354,034	4,796,321
Less: Allowance for obsolete spares and slow moving stock	(252,940)	(197,624)	(252,940)	(197,624)
	<u>5,625,481</u>	<u>4,674,863</u>	<u>4,101,094</u>	<u>4,598,697</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	The Group		The Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
20.1 Parts				
Parts	520,117	452,670	520,117	452,670
Goods in transit	-	27,938	-	27,938
	520,117	480,608	520,117	480,608
20.2 Motor vehicles				
Vehicles	2,589,112	1,986,271	2,589,112	1,986,271
Goods in transit	-	90,576	-	90,576
	2,589,112	2,076,847	2,589,112	2,076,847
Movement in inventory provision				
Beginning of the year	197,624	109,615	197,624	109,615
Additional provision in the period	130,233	102,764	130,233	102,764
Inventory written off	(22,808)	-	(22,808)	-
Recovered in the period	(52,108)	(14,755)	(52,108)	(14,755)
Closing balance	252,941	197,624	252,941	197,624

The cost of inventories recognised as an expense during the year in respect of continuing operations was N130.23million (2012: N102.76million).

The cost of inventories recognised as an expense includes N130.23 (2012: N102.76 million) in respect of write-downs of inventory to net realisable value.

Inventories of N52million are expected to be recovered after more than 12 months.

	The Group		The Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
21 Trade and other receivables				
Trade receivables	5,249,636	4,434,850	5,122,164	4,276,076
Allowance for doubtful debts	(692,564)	(720,003)	(674,991)	(706,736)
	4,557,072	3,714,847	4,447,173	3,569,340
Other receivables				
Staff loans and advance	123,617	100,647	112,433	81,712
Interest receivable	4,557	55,758	4,223	55,335
WHT receivable (Note 21.1)	117,134	296,446	104,820	253,274
VAT recoverable	258,921	227,850	238,964	227,850
Other debtors	517,921	45,277	512,613	53,677
Due from related parties	-	-	1,055,214	85,872
	1,022,150	725,978	2,028,267	757,720
Less: Allowance for doubtful debts	(41,995)	(41,615)	(29,681)	(32,641)
	980,155	684,363	1,998,586	725,079
Trade and other receivables	5,537,227	4,399,210	6,445,759	4,294,419

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

21.1 Withholding tax receivables	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Current	117,134	296,446	104,820	253,274
Non-current	586,087	157,758	586,087	157,758
	<u>703,221</u>	<u>454,204</u>	<u>690,907</u>	<u>411,032</u>

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period taken on sales of goods is 30 days. No interest is charged on the overdue receivables. The group has recognised an allowance for doubtful debts of 100% against all receivables over 360 days because historical experience has been that receivables that are past due beyond 360 days are not likely recoverable. Allowances against doubtful debts are recognised against trade receivables outstanding for more than 360 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (which include interest accrued after the receivable is over 360 days outstanding) are still considered recoverable. The group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the group to the counterparty. The average age of these receivables is 180 days (2012: 180 days).

21.2 Age of receivables past due but not impaired

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
0-30 days	1,395,100	1,308,938	1,285,201	530,745
30-60 days	662,857	1,039,911	662,857	981,137
60-90 days	962,192	1,020,853	962,192	1,020,853
90-180 days	919,329	345,145	919,329	295,145
180-360 days	617,594	-	617,594	741,460
Total	<u>4,557,072</u>	<u>3,714,847</u>	<u>4,447,173</u>	<u>3,569,340</u>

21.3 Movement in the allowance for doubtful debts

Balance at the beginning of the period	720,003	561,055	706,735	546,118
Additional provisions for the year	28,325	181,453	24,020	181,453
Amounts written off during the year as uncollectible	-	(22,505)	-	-
Amounts recovered during the year	(55,764)	-	(55,764)	(20,836)
Balance at the end of the period	<u>692,564</u>	<u>720,003</u>	<u>674,991</u>	<u>706,735</u>

In determining the recoverability of a trade receivable the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

21.4 Other receivables	<u>The Group</u>		<u>The Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Movement in the allowance for doubtful debts	N'000	N'000	N'000	N'000
Balance at the beginning of the period	41,615	39,405	32,641	30,365
Additional provisions for the year	3,340	3,792	-	2,276
Amounts written off during the year as uncollectible	(684)	(1,582)	(684)	-
Amounts recovered during the year	(2,276)	-	(2,276)	-
Balance at the end of the period	<u>41,995</u>	<u>41,615</u>	<u>29,681</u>	<u>32,641</u>

22 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, short term investments with an original maturity of three months or less, net of outstanding bank overdrafts and short term loans. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Cash and bank balances (Notes 22.1)	255,739	619,484	217,809	263,440
Foreign currency purchased for imports (Note 22.2)	-	721,447	-	721,447
	255,739	1,340,931	217,809	984,887
Less: Bank overdrafts and short term loans	<u>(10,174,444)</u>	<u>(8,933,611)</u>	<u>(10,174,444)</u>	<u>(8,933,611)</u>
	<u>(9,918,705)</u>	<u>(7,592,680)</u>	<u>(9,956,635)</u>	<u>(7,948,724)</u>

The carrying amount of these assets is approximately equal to their fair value.

22.1 Cash and bank balances	<u>The Group</u>		<u>The Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Cash in hand	8,546	10,013	8,124	9,697
Cash at bank	247,193	609,471	209,685	253,743
	<u>255,739</u>	<u>619,484</u>	<u>217,809</u>	<u>263,440</u>

22.2 Foreign currency purchased for imports

Foreign currency purchased represents deposits in First Bank, Standard Chartered Bank and Stanbic IBTC Bank for imports of motor vehicles and ATCO equipment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

		<u>The Group</u>		<u>The Company</u>	
		31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
23	Trade and other payables				
	Trade payable	369,468	622,686	297,215	597,769
	Other payables:				
	Accrued expenses	378,806	199,676	213,485	137,721
	Withholding tax payable	21,969	19,942	-	-
	VAT output	60,290	50,621	86,718	126,085
	Other creditors	91,936	150,770	-	-
	Staff pension (Note 23.1)	16,439	14,460	10,189	12,760
	Due to related party	-	-	29,629	-
		569,440	435,469	340,021	276,566
	Trade and other payables	938,908	1,058,155	637,236	874,335

		<u>The Group</u>		<u>The Company</u>	
		31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
23	Trade and other payables				
23.1	Staff pension				
	At 1 January	14,460	1,700	12,760	-
	Contribution during the year	43,275	41,374	37,025	41,374
	Payments during the year	(41,296)	(28,614)	(39,596)	(28,614)
		16,439	14,460	10,189	12,760

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 15 days. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

		<u>The Group</u>		<u>The Company</u>	
		31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
24	Borrowings				
	Unsecured - at amortised cost				
	Bank overdrafts (Note 24.1)	1,900,783	2,395,607	1,900,783	2,395,607
	Commercial papers (Note 24.1)	8,273,661	6,538,004	8,273,661	6,538,004
		10,174,444	8,933,611	10,174,444	8,933,611
	Current	10,174,444	8,933,611	10,174,444	8,933,611
		10,174,444	8,933,611	10,174,444	8,933,611

24.1 Summary of borrowing arrangements

Unsecured borrowings represents bank overdrafts and short term loans obtained by the company during the period. Bank overdrafts are repayable within 12 months at 14 percent interest per annum. Commercial papers are obtained from banks and individuals. This amount is repayable within 90 days at 16 percent interest per annum.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

25	Dividend Payable	<u>The Group</u>		<u>The Company</u>	
		31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
	Beginning of the year	81,111	81,077	81,111	81,077
	Declared during the year (Note 30)	-	98,030	-	98,030
	Payment during the year	(64)	(97,996)	(64)	(97,996)
		<u>81,047</u>	<u>81,111</u>	<u>81,047</u>	<u>81,111</u>

26	Other liabilities	<u>The Group</u>		<u>The Company</u>	
		31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
	Deposits by customers	503,895	690,866	407,779	589,548
		<u>503,895</u>	<u>690,866</u>	<u>407,779</u>	<u>589,548</u>

27 Retirement benefits plans

27.1 Defined Contribution Plan

The group operates a contributory pension scheme for the benefit of its staff with the company and employees contributing 12.5% and 5% of the employees' emoluments respectively.

The Group

The total expense recognised in the income statement of N43.3 million (2012: N41.4 million) represents contributions payable to these plans by the group at rates specified in the rules of the plans. As at 31 December 2013, contributions of N16.4 million (2012: N14.5 million) due in respect of the 2013 (2012) reporting periods had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

The Company

The total expense recognised in the income statement of N37.0 million (2012: N41.4 million) represents contributions payable to these plans by the company at rates specified in the rules of the plans. As at 31 December 2013, contributions of N10.1 million (2012: N12.8 million) due in respect of the 2013 (2012) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

27.2 Defined benefit plan

The Group has an obligation for a non-contributory staff gratuity, the charge of which is recognised in the statement of profit or loss.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2013 by Giant Consultants Limited, Fellow of the Conference of Consulting Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Principal actuarial valuation assumptions

	<u>Valuation at</u>	
	31/12/2013	31/12/2012
Discount rates(s)	%	%
Expected return on plan assets	13.5	13.0
Expected rate(s) of salary increase	13.5	12.0
Expected return on reimbursement rights	10.0	10.0
Others (describe)		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

27.2 Defined benefit plan (continued)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

	Group & Company	
	31/12/2013	31/12/2012
	N'000	N'000
Current service cost	13,095	2,385
Net interest expenses	15,722	-
Components of defined benefit costs recognised in profit or loss	28,817	2,385
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses	(7,774)	10,137
Components of defined benefit costs recognised in other comprehensive income	(7,774)	10,137
Total	21,043	12,522

The amount included in the consolidated and separate statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

	Group & Company	
	31/12/2013	31/12/2012
	N'000	N'000
Present value of funded defined benefit obligation	-	-
Fair value of plan assets	-	-
Funded status	-	-
Present value of unfunded defined benefit obligation	124,774	122,504
	124,774	122,504

Movements in the present value of the defined benefit obligation in the current year were as follows.

	Group & Company	
	31/12/2013	31/12/2012
	N'000	N'000
Opening defined benefit obligation	122,504	152,361
Current service cost	13,095	2,385
Interest cost	15,722	-
Remeasurement (gains)/losses:		
Actuarial (gains)/losses	(7,774)	10,137
Benefits paid	(18,773)	(42,379)
	124,774	122,504

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

27.2 Defined benefit plan (continued)

Movements in the present value of the defined benefit obligation in the current year were as follows.

	Group & Company	
	31/12/2013	31/12/2012
	N'000	N'000
Opening defined benefit obligation	-	-
Current service cost	-	-
Interest cost	-	-
Remeasurement (gains)/losses:	-	-
Actuarial (gains)/losses	-	-
	<u>-</u>	<u>-</u>

28 Share capital

	The Group		The Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Authorised:				
4,000,000,000 (2012: 4,000,000)				
ordinary shares of 50k each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
980,294,745 (2012: 980,294,745)				
ordinary shares of 50k each				
At 1 January	588,177	490,147	588,177	490,147
Bonus issue during the year	<u>-</u>	<u>98,030</u>	<u>-</u>	<u>98,030</u>
	<u>588,177</u>	<u>588,177</u>	<u>588,177</u>	<u>588,177</u>

The Company has one class of ordinary shares which carry no right to fixed income.

	The Group		The Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
29 Share premium account				
Beginning of the year	409,862	507,892	409,862	507,892
Transfer for bonus issue (Note 28)	<u>-</u>	<u>(98,030)</u>	<u>-</u>	<u>(98,030)</u>
	<u>409,862</u>	<u>409,862</u>	<u>409,862</u>	<u>409,862</u>
30 Retained earnings				
Beginning of the year	2,127,702	2,519,019	2,006,186	2,496,378
Adjustment (Note 30.1)	463	-	463	-
Profit for the year attributable to owners of the company	(84,617)	(293,287)	(96,013)	(392,162)
Prior year dividend declared	<u>-</u>	<u>(98,030)</u>	<u>-</u>	<u>(98,030)</u>
	<u>2,043,548</u>	<u>2,127,702</u>	<u>1,910,636</u>	<u>2,006,186</u>

30.1 Adjustment represents cost of two parcel of land acquired before 2011 which were expensed at the point of acquisition. The financial statements was not reinstated as this is not material in line with IAS 8:42.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
31 Non controlling interests				
Beginning of the year	7,447	4,912	-	-
Share of profit for the year	375	2,431	-	-
Share based	345	104	-	-
	<u>8,167</u>	<u>7,447</u>	<u>-</u>	<u>-</u>

32 Directors and employees

32.1 Directors	<u>The Group</u>		<u>The Company</u>	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Emoluments:				
Fees as Directors	1,200	1,200	1,100	1,100
Emoluments as executives	29,860	21,925	16,100	16,100
	<u>31,060</u>	<u>23,125</u>	<u>17,200</u>	<u>17,200</u>
Highest paid Director received	<u>12,450</u>	<u>12,450</u>	<u>12,450</u>	<u>12,450</u>

The number of Directors whose gross emoluments were within the following ranges are:

	<u>The Group</u>		<u>The Company</u>	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Emoluments:				
Chairman	300	375	200	200
Other Directors	30,760	22,760	17,000	17,010
	<u>31,060</u>	<u>23,135</u>	<u>17,200</u>	<u>17,210</u>

The number of Directors excluding the Chairman whose emoluments were within the following ranges include:

Range (N)	<u>The Group</u>		<u>The Company</u>	
	31/12/2013 Number	31/12/2012 Number	31/12/2013 Number	31/12/2012 Number
50,000 - 100,000	-	-	-	-
100,001 - 150,000	4	4	4	4
150,001 - 200,000	1	1	1	1
12,354,000 - 12,500,000	2	1	1	1
	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>

Number of Directors who had no emoluments

	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

32.2 Employees

The average number of employees employed during the year:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
Managerial	24	25	20	22
Senior staff	251	172	207	151
Junior staff	110	147	100	133
	<u>385</u>	<u>344</u>	<u>327</u>	<u>306</u>

The numbers of employees in receipt of emoluments, excluding allowances within the following ranges were:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
Range (N)				
150,001 - 200,000	-	1	-	-
200,001 - 250,000	-	1	-	-
250,001 - 300,000	-	15	-	-
300,001 - 350,000	1	5	-	-
350,001 - 400,000	1	17	-	13
400,001 - 450,000	5	39	-	39
Above 500,000	378	266	327	254
	<u>385</u>	<u>344</u>	<u>327</u>	<u>306</u>

The related staff costs amounted to:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Wages, salaries, allowances and other benefits	766,900	647,955	735,398	631,464
Pension and gratuity costs	61,818	53,896	61,818	53,896
Staff trainings	31,518	22,829	31,518	22,829
	<u>860,236</u>	<u>724,680</u>	<u>828,734</u>	<u>708,189</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

33 Cash generated from operations

Reconciliation of profit after tax to net cash generated by operating activities:

	The Group		The Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Loss for the year	(92,016)	(280,719)	(103,787)	(382,025)
Adjustments for:				
Depreciation of property, plant and equipment	156,187	145,708	148,130	139,639
Amortisation of intangible assets	6,481	6,483	6,481	6,483
Interest expenses	1,465,991	1,262,757	1,465,991	1,262,757
Investment income	(25,335)	(28,219)	(25,335)	(28,219)
Interest income	(21,527)	(33,625)	(7,126)	(10,307)
Profit on sale of property, plant and equipment	(6,723)	(1,069)	(6,723)	(707)
Fixed asset adjustment	815,000	(815,000)	810,850	-
Share based payments	345	104	-	-
Actuarial loss on gratuity	7,774	(10,137)	7,774	(10,137)
Operating cash flows before movements in working capital	2,306,177	246,283	2,296,255	977,484
<u>Changes in working capital</u>				
(Increase)/decrease in inventories	(950,617)	1,991,384	497,603	1,603,231
(Increase)/decrease in trade and other receivables	(1,138,017)	1,521,278	(2,151,340)	1,569,972
(Increase)/decrease in non-current receivables	(428,329)	129,113	(428,329)	85,917
Increase in deferred tax assets	(484,133)	(39,673)	(479,814)	(41,595)
Increase in other assets	(74,435)	(1,190,496)	(76,812)	(1,180,915)
Decrease in trade and other payables	(119,247)	(534,914)	(237,099)	(667,525)
Decrease in other liabilities	(186,971)	(693,994)	(181,769)	(336,332)
Decrease in current tax liabilities	(21,937)	(32,439)	(224)	(60,799)
Increase/(decrease) in deferred tax liabilities	373,234	(83,818)	368,166	(83,818)
Increase/(decrease) in staff gratuity	2,270	(29,857)	2,270	(29,857)
	<u>(722,006)</u>	<u>1,282,867</u>	<u>(391,093)</u>	<u>1,835,763</u>

34 Non-cash transactions

None.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

35 Related party transactions

The Group

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are therefore not disclosed in this note. Details of transactions between the Group and other related parties not consolidated are disclosed below.

There were no transactions carried out or balances outstanding with related parties except for the disclosure in note 35.2 - 35.5 below.

The Company

During the year, the company entered into contractual relationships with its related company, Briscoe Properties Limited on terms similar to such transactions entered into with third parties. Transactions with the related party are mainly in the nature of payments for expenses on behalf of each other. These are settled through intercompany billings.

Details of transactions and outstanding balances between the Company and its related parties during the period that was consolidated are disclosed in note 35.1 below.

35.1 Trading transactions

The company entered into transactions with its related parties during the year and transactions conducted resulted to a total balance of N1.026 billion (2012: N85.9 million).

	Sale of goods and services		Purchase of goods and services	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Subsidiary:				
Briscoe Properties Limited	1,055,214	97,690	29,629	11,818
	1,055,214	97,690	29,629	11,818

Analysis of the outstanding at the reporting date:

	Due from related parties		Due to related parties	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Subsidiary:				
Briscoe Properties Limited	1,055,214	85,872	29,629	-
	1,055,214	85,872	29,629	-

Sales of goods to related parties were made at the company's usual list prices which is the fair value of goods sold. Purchases were made at market price.

The amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties as the amounts are deemed to be recoverable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
35.2 Loans to related parties				
Subsidiary:				
Briscoe Properties Limited	-	-	815,000	18,307
Key Management Personnel:				
Group Managing Director	<u>61,222</u>	<u>18,307</u>	<u>61,222</u>	<u>18,307</u>
	<u>61,222</u>	<u>18,307</u>	<u>876,222</u>	<u>36,614</u>

The Company has provided several of its key management personnel with short term loans at rates comparable to the average commercial rate of interest. The loans to key management personnel are unsecured.

The Group has provided the Managing Director of R.T. Briscoe (Nigeria) Plc with short term loans at rates comparable to the average commercial rate of interest. The loans are secured by; the yearly housing and rent allowances of the employee and a deposit of the title documents of the property of the employee lying and situate at Carlton Gate Estate, Ajiran, Eti-Osa LGA Lagos.

35.3 Compensation of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Post-employment benefits	(7,774)	10,137	(7,774)	10,137
Share-based payments	<u>345</u>	<u>104</u>	<u>-</u>	<u>-</u>
	<u>(7,429)</u>	<u>10,241</u>	<u>(7,774)</u>	<u>10,137</u>

35.4 Share-based payments

This represents transfer of equity in favour of the Managing Director of the subsidiary company as a result of the implementation of employees' bonus scheme in line with her contract of employment.

35.5 Directors' transactions

A loan of N61 million was granted to the Managing Director of R.T. Briscoe (Nigeria) Plc.

Dividends totaling Nil (2012: N54 million) were paid in the year in respect of ordinary shares held by the Company's directors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36 Financial Instruments

36.1 Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation equity. The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and equity of the Group (issued capital, retained earnings and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Debts (I)	10,174,444	8,933,611	10,174,444	8,933,611
Cash and bank balances	(255,739)	(1,340,931)	(217,809)	(984,887)
Net debt	9,918,705	7,592,680	9,956,635	7,948,724
Equity (II)	3,049,754	3,133,188	2,908,675	3,004,225
Net debt to equity ratio	325%	242%	342%	265%

(I) Debt is defined as long and short term borrowings.

(II) Equity includes all capital and reserves of the company that are managed as capital (including non-controlling interests).

36.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

36.3 Categories of financial instruments

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>	<u>N'000</u>
Financial assets				
Loans and receivables				
<i>Trade and other receivables</i>	5,537,227	4,399,210	6,445,759	4,294,419
<i>Cash and bank balances</i>	255,739	1,340,931	217,809	984,887
	5,792,966	5,740,141	6,663,568	5,279,306
Available-for-sale financial assets	140,000	140,000	140,000	140,000
Financial liabilities				
Financial liabilities at amortized cost				
<i>Trade and other payables</i>	938,908	1,058,155	637,236	874,335
<i>Borrowings</i>	10,174,444	8,933,611	10,174,444	8,933,611
	11,113,352	9,991,766	10,811,680	9,807,946

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.4 Financial risk management objectives

The Group is exposed to a range of financial risks which predominantly arise from changes in foreign exchange rates, interest rates and money market liquidity. A financial risk management framework is in place, where appropriate, to mitigate any negative impact this may have on the company's reported results.

The company has exposure to the following risks:

- Market risk
- Credit risk
- Liquidity risk
- Other price risk

The Group's senior management oversees the management of these risks. As such, the Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the financial risk-taking activities undertaken by the Group are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies for risk.

This policy provides guidance over all treasury and finance-related matters and is underpinned by delegated authority guidelines and detailed procedures. The main objectives of the policy are to ensure that sufficient liquidity exists to meet the operational needs of the business, to maintain the integrity and liquidity of the investment portfolio, and to manage the impact of foreign exchange and interest rate volatility on the Group's net income.

Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the company's activities.

The Group does not trade in financial instruments, nor does it take on speculative or open positions through its use of derivatives.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

36.5 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The Group is exposed to market risk factors such as changes in foreign exchange rates, interest rates and equity prices.

Market risk exposures are measured using value-at-risk (VaR) analysis supplemented by sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

36.5.1 Foreign currency risk management

The Group undertakes some of its transactions denominated in foreign currencies mainly US Dollars; consequently exposures to exchange rate fluctuations arise. To manage the income statement volatility attributable to this foreign exchange risk, the foreign exchange exposure of future committed and uncommitted cash flows are mitigated through the use of foreign exchange forwards and currency option contracts within the parameters defined by the treasury policy. Committed cash flows relate to certain contractual rights or obligations. Uncommitted cash flows are highly probable future cash flows for which the group does not yet have a contractual right or obligation.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.5.1 Foreign currency risk management (cont'd)

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

<u>The Group</u>	<u>Liabilities</u>		<u>Assets</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
US Dollars				
Foreign currency purchased	-	-	-	721,447
Bank balances	-	-	24,116	42,849
Trade and other payables	27,189	16,489	-	-
	27,189	16,489	24,116	764,296
<u>The Company</u>	N'000	N'000	N'000	N'000
US Dollars				
Foreign currency purchased	-	-	-	721,447
Bank balances	-	-	24,116	42,849
Trade and other payables	27,189	16,489	-	-
	27,189	16,489	24,116	764,296

Foreign currency sensitivity analysis

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a per cent change in foreign currency rates. A positive number below indicates an increase in profit and other equity where Naira strengthens nil per cent against the US Dollars. For a 2.7 per cent weakening of Naira against the US Dollar, there would be a comparable impact on the profit and other equity, and the balances below would be negative. Where the assumptions used have changed from previous periods, include detail of and reasons for those changes.

The following table details the sensitivity to a 15 per cent depreciation in Naira against the relevant foreign currencies. 15 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The Group / The Company

The Group/Company is mainly exposed to the currency of United States (US dollar currency).

	<u>The Group</u>		<u>The Company</u>	
	US Dollars impact	US Dollars impact	US Dollars impact	US Dollars impact
	31/12/2013	31/12/2013	31/12/2013	31/12/2013
	N'000	N'000	N'000	N'000
		(i)		(i)
Profit or loss	160.30	155.27	160.30	155.27
Equity	160.30	155.27	160.30	155.27

- i This is mainly attributable to the exposure outstanding on US Dollars purchased and held for import by the Group/Company at the reporting date.
- ii The Group's/Company's sensitivity to foreign currency has increased/decreased during the current period mainly due to fluctuations in value of the foreign currency.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36 Financial Instruments (continued)

36.6 Interest rate risk management

R.T. Briscoe (Nigeria) Plc is exposed to interest rate risk because companies in the Group borrow funds at both fixed and floating interest rates. Currently, R.T. Briscoe has short term debt and actively monitors interest rate exposures so as to minimise the effect of interest rate fluctuations on the statement of profit or loss.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section.

36.6.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 10 per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. [Where the assumptions used have changed from previous periods, include detail of and reasons for those changes.]

If interest rates had been 10 per cent higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31 December 2013 would decrease/increase by N146.60 million (2012: decrease/increase by N126.28 million). This is mainly attributable to the Group's exposure to interest rates on its borrowings; and
- other comprehensive income would decrease/increase by N146.60 million (2012: decrease/increase by N126.28 million) mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.

36.7 Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

36.7.1 Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 30 % lower:

- profit for the year ended 31 December 2013 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- other comprehensive income for the year ended 31 December 2013 would increase by Nil (2012: increase/decrease by Nil) as a result of the changes in fair value of available-for-sale shares.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

36.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds and non-derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.8.1 Collateral held as security and other credit enhancements

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the maximum exposure to credit risk as no collateral or other credit enhancements are held.

36.9 Liquidity risk management

Liquidity risk is the risk that the Group is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the Group is unable to meet settlement obligations.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

To mitigate this risk, back-up liquidity facilities are in place with a syndicate consisting of high credit, quality financial institutions, in addition to the Group's own liquid funds.

36.9.1 Maturity risk

The following tables show the contractual maturities of financial liabilities:

The Group

	31/12/2013			
	Carrying amount N'000	Contractual cashflows N'000	Less than one year N'000	More than one year N'000
Financial liabilities at amortised cost				
Trade and other payables	938,908	938,908	938,908	-
Borrowings	10,174,444	10,174,444	10,174,444	-
	11,113,352	11,113,352	11,113,352	-

	31/12/2012			
	Carrying amount N'000	Contractual cashflows N'000	Less than one year N'000	More than one year N'000
Financial liabilities at amortised cost				
Trade and other payables	1,058,155	1,058,155	1,058,155	-
Borrowings	8,933,611	8,933,611	8,933,611	-
	9,991,766	9,991,766	9,991,766	-

The Company

	31/12/2013			
	Carrying amount N'000	Contractual cashflows N'000	Less than one year N'000	More than one year N'000
Financial liabilities at amortised cost	-			
Trade and other payables	637,236	637,236	637,236	-
Borrowings	10,174,444	(10,174,444)	(10,174,444)	-
	10,811,680	(9,537,208)	(9,537,208)	-

	31/12/2012			
	Carrying amount N'000	Contractual cashflows N'000	Less than one year N'000	More than one year N'000
Financial liabilities at amortised cost				
Trade and other payables	874,335	874,335	874,335	-
Borrowings	8,933,611	8,933,611	8,933,611	-
	9,807,946	9,807,946	9,807,946	-

Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

36.10 Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

<u>The Group</u>	<u>Carrying amount</u>		<u>Fair value</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Financial assets				
Loans and receivables:				
<i>Trade and other receivables</i>	5,537,227	4,399,210	5,537,227	4,399,210
<i>Cash and cash equivalents</i>	255,739	1,340,931	255,739	1,340,931
	5,792,966	5,740,141	5,792,966	5,740,141
Available-for-sale financial assets (Note 16.2)	140,000	140,000	140,000	140,000
Financial liabilities				
Financial liabilities held at amortised cost:				
<i>Trade and other payables</i>	938,908	1,058,155	938,908	1,058,155
<i>Borrowings</i>	10,174,444	8,933,611	10,174,444	8,933,611
	11,113,352	9,991,766	11,113,352	9,991,766
<u>The Company</u>				
	<u>Carrying amount</u>		<u>Fair value</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	N'000	N'000	N'000	N'000
Financial assets				
Loans and receivables:				
<i>Trade and other receivables</i>	6,445,759	4,294,419	6,445,759	4,294,419
<i>Cash and cash equivalents</i>	217,809	984,887	217,809	984,887
	6,663,568	5,279,306	6,663,568	5,279,306
Available-for-sale financial assets (Note 36.3)	140,000	140,000	140,000	140,000
Financial liabilities				
Financial liabilities held at amortised cost:				
<i>Trade and other payables</i>	637,236	874,335	637,236	874,335
<i>Borrowings</i>	10,174,444	8,933,611	10,174,444	8,933,611
	10,811,680	9,807,946	10,811,680	9,807,946

36.10.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

No fair valuation has been carried out on the investment in Fara Park Limited. The financial statements include investment in unlisted shares which are measured at cost as the fair value could not be determined.

37 Capital Commitments

There were no commitments in respect of capital expenditure at the end of the reporting period (2012: Nil).

38 Guarantees

The group did not charge any of its assets to secure liabilities of third parties (2012: Nil).

39 Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the Group's and Company's state of affairs have been taken into consideration in the preparation of these financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

40 Contingent liabilities and contingent assets

As at 31 December 2013, there were contingent liabilities in respect of litigation against the group and the company amounting to N127.84 million (2012: N 175.7 million) respectively. According to the directors and solicitors acting on behalf of the company, the liabilities if any are not likely to be significant. No provision has been made in these financial statements.

As at 31 December 2013, there were contingent assets in respect of litigation by the group and the company amounting to N125.53. According to the directors and solicitors acting on behalf of the company, the assets if any are not likely to be significant. No provision has been made in these financial statements.

41 Events after the reporting period

There are no significant developments since the end of the accounting year which could have a material effect that have not been disclosed in the financial statements.

42 Comparative figures

Certain comparative figures have been reclassified in line with the presentation in the current year for a more meaningful comparison.

STATEMENT OF CONSOLIDATED AND SEPARATE VALUE ADDED

	The Group 2013 N'000	%	The Group 2012 N'000	%	2013 N'000	%	The Company 2012 N'000	%
External sales	21,768,366		21,980,201		21,618,130		21,093,788	
Other income	512,577		92,479		493,645		62,320	
	<u>22,280,943</u>		<u>22,072,680</u>		<u>22,111,775</u>		<u>21,156,108</u>	
Bought in goods and services								
- Imported	(8,416,798)		(4,912,002)		(8,416,798)		(4,912,003)	
- Local	<u>(11,525,559)</u>		<u>(16,077,601)</u>		<u>(11,418,456)</u>		<u>(14,608,328)</u>	
VALUE ADDED	<u>2,338,586</u>	<u>100</u>	<u>1,807,757</u>	<u>100</u>	<u>2,276,521</u>	<u>100</u>	<u>1,635,777</u>	<u>100</u>
APPLIED AS FOLLOWS:								
To pay employees:								
Salaries, allowances and retirement benefits	860,236	37	724,680	40	828,734	36	708,189	43
To pay Government:								
Income and education taxes	50,517	2	88,959	5	41,327	2	42,767	3
To pay providers of funds:								
Interest expenses	1,465,991	63	1,262,757	70	1,465,991	64	1,262,757	77
To provide for replacement of assets and development:								
- Deferred tax	(110,103)	(5)	(123,491)	(7)	(111,648)	(5)	(125,413)	(8)
- Depreciation	156,187	7	145,708	8	148,130	7	139,639	9
- Profit and loss account	<u>(84,242)</u>	<u>(4)</u>	<u>(290,856)</u>	<u>(16)</u>	<u>(96,013)</u>	<u>(4)</u>	<u>(392,162)</u>	<u>(24)</u>
	<u>2,338,586</u>	<u>100</u>	<u>1,807,757</u>	<u>100</u>	<u>2,276,521</u>	<u>100</u>	<u>1,635,777</u>	<u>100</u>

Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth between the employees, government, stakeholders and that retained for the future creation of wealth.

**FINANCIAL SUMMARY
GROUP**

BALANCE SHEET

ASSETS / LIABILITIES

	IFRS 2013 N'000	IFRS 2012 N'000	IFRS 2011 N'000
Property, plant and equipment	1,177,588	1,956,763	1,160,696
Intangible assets	12,966	19,447	12,966
Goodwill	33,999	33,999	-
Financial assets	140,000	140,000	140,000
Investment in subsidiary	-	-	141,475
Deferred tax asset	523,010	38,877	521,409
Long term receivables	586,087	157,758	586,087
Net current assets	1,074,112	908,848	838,982
Deferred tax liabilities	(373,234)	-	(368,166)
Retirement benefit obligation	(124,774)	(122,504)	(124,774)

NET ASSETS

3,049,754	3,133,188	2,908,675
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CAPITAL AND RESERVES

Share capital	588,177	588,177	588,177
Share premium account	409,862	409,862	409,862
Retained earnings	2,043,548	2,127,702	1,910,636

Total equity attributable to owners of the company

Non-controlling interests	8,167	7,447	-
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Total equity

3,049,754	3,133,188	2,908,675
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TURNOVER AND PROFIT

Turnover	21,768,366	21,980,201	19,605,063
(Loss)/profit before taxation	(151,602)	(228,503)	292,834
Taxation	59,586	(52,216)	(76,935)

(Loss)/profit after taxation

(92,016)	(280,719)	215,899
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Per share data (Kobo):

(Loss)/earnings - Basic	(8)	(24)	18
Net assets	259	266	247

**FINANCIAL SUMMARY
COMPANY**

	IFRS 2013 N'000	IFRS 2012 N'000	IFRS 2011 N'000	IFRS 2010 N'000	NGAAP 2009 N'000
BALANCE SHEET					
ASSETS / LIABILITIES					
Property, plant and equipment	1,160,696	1,118,416	1,096,316	960,325	880,675
Intangible assets	12,966	19,447	25,930	-	-
Financial assets	140,000	140,000	140,000	140,000	140,000
Investment in subsidiary	141,475	952,325	141,400	51,437	28,000
Deferred tax asset	521,409	41,595	-	-	-
Long term receivables	586,087	157,758	243,675	146,253	-
Net current assets	838,982	697,188	2,081,274	2,334,054	2,529,388
Deferred tax liabilities	(368,166)	-	(83,818)	-	(54,911)
Retirement benefit obligation	(124,774)	(122,504)	(152,361)	(182,433)	(242,780)
NET ASSETS	<u>2,908,675</u>	<u>3,004,225</u>	<u>3,492,416</u>	<u>3,449,636</u>	<u>3,280,372</u>
CAPITAL AND RESERVES					
Share capital	588,177	588,177	490,147	408,456	340,380
Share premium account	409,862	409,862	507,892	589,583	657,659
Retained earnings	1,910,636	2,006,186	2,496,377	2,451,597	2,282,333
Total equity	<u>2,908,675</u>	<u>3,004,225</u>	<u>3,494,416</u>	<u>3,449,636</u>	<u>3,280,372</u>
TURNOVER AND PROFIT					
Turnover	21,618,130	21,093,788	19,605,063	15,132,451	15,234,849
(Loss)/profit before taxation	(174,108)	(377,923)	310,661	192,219	432,471
Taxation	70,321	(4,102)	(76,935)	(40,255)	(144,189)
(Loss)/profit after taxation	<u>(103,787)</u>	<u>(382,025)</u>	<u>233,726</u>	<u>151,964</u>	<u>288,282</u>
Per share data (Kobo):					
(Loss)/earning - Basic	(9)	(32)	24	19	42
Net assets	247	255	356	422	482

**FINANCIAL SUMMARY
COMPANY**

FOR MANAGEMENT USE ONLY

**FINANCIAL SUMMARY
COMPANY**

**COST OF SALES
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company	2013	2012 N'000
Motor vehicles, Equipments and parts	18,781,124	18,250,011
Staff costs	241,013	236,409
Travelling expenses	26,897	27,675
Transport expenses	35,422	47,051
Repairs & maintenance	19,524	10,569
Sundry expenses	3,034	5,404
Depreciation	27,127	31,778
Cost of sales	<u>19,134,141</u>	<u>18,608,897</u>

**FINANCIAL SUMMARY
COMPANY**

**SELLING AND DISTRIBUTION EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company	2013 N'000	2012 N'000
Staff costs	287,700	218,703
Repairs and maintenance	27,516	23,368
Sales promotion and advertising	60,095	74,957
Travelling expenses	38,462	29,017
Transport expenses	49,120	47,919
Entertainment and presentation	10,414	14,649
Sundry expenses	2,842	9,056
Depreciation	68,711	64,328
	544,860	481,997

**FINANCIAL SUMMARY
COMPANY**

**ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company	2013 N'000	2012 N'000
Directors fees	1,110	1,110
Staff costs	254,740	189,044
Repairs and maintenance	88,637	69,456
Travelling expenses	26,624	45,291
Transport expenses	16,238	17,932
Entertainment and presentation	20,702	23,690
Board meeting expenses	18,389	3,346
Insurance on premises	39,429	28,094
Rent	93,704	86,062
Energy costs	72,008	69,149
Security	44,669	37,503
Communication expense	30,462	22,071
Stationery, printing and newspapers	40,001	35,874
Bank charges	56,479	84,472
Legal/consultancy fees	47,398	35,330
Audit fees	18,480	16,800
Registrars' fees	11,775	6,270
Sundry expenses	6,783	9,936
Annual general meetings	3,151	30,603
Rates and taxes	26,472	8,966
Depreciation	58,773	50,016
Gifts and donations	10,614	6,867
Provision for doubtful debts	24,020	181,453
Provision for obsolete stocks	130,233	102,764
Provision for doubtful debts	-	18,281
	<u>1,140,891</u>	<u>1,180,380</u>