

ROADS NIGERIA PLC

**FINANCIAL STATEMENTS
31 MARCH 2014**

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RESULTS AT A GLANCE

	2014 N'000	2013 N'000	% Change
Revenue	3,255,621	3,014,411	8.00
Profit before taxation	203,369	134,841	50.82
Profit after taxation	136,973	33,748	305.87
Profit attributable to equity holders of the Company	136,973	33,748	305.87
Retained earnings	501,804	376,831	33.16
Share capital	10,000	10,000	-
Shareholders' funds	517,925	386,831	33.89

PER SHARE DATA:

Based on 20 million (2013: 20 million) ordinary shares of 50k each:

Earnings per share (Naira):

- Basic	6.85	1.69	306
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Net assets per share (Naira)

- Basic	25.90	19.34	34
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Number of employees	575	752	(23.54)
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ROADS NIGERIA PLC.

Report on the Financial Statements

We have audited the accompanying financial statements of Roads Nigeria Plc which comprise the statement of financial position as at 31 March 2014, the income statement, statement of changes in equity, cash flow statement for the year ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Roads Nigeria Plc as at 31 March 2014 and the financial performance and cash flows for the year then ended. Roads Nigeria Plc have kept proper books of account, which are in agreement with the financial position and income statement, in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011.



Folorunso Hunga, FCA - FRC/2013/ICAN/00000001709
for: Akintola Williams Deloitte
Chartered Accountants
Abuja, Nigeria
9 July 2014



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2014 N'000	2013 N'000
Revenue	5	3,255,621	3,014,411
Contract cost		<u>(2,790,814)</u>	<u>(2,608,984)</u>
Gross profit		464,807	405,427
Administrative expenses	6	<u>(261,175)</u>	<u>(270,736)</u>
Operating profit		203,632	134,691
Finance cost		(3,263)	-
Other gains and losses	8	<u>3,000</u>	<u>150</u>
Profit before tax		203,369	134,841
Taxation	9	<u>(66,396)</u>	<u>(101,093)</u>
Profit for the year	10	<u>136,973</u>	<u>33,748</u>
Other comprehensive income, net of income tax;			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income tax;		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>136,973</u>	<u>33,748</u>
Earnings per share			
Basic earnings per share (Naira)	11	<u>6.85</u>	<u>1.69</u>

STATEMENT OF FINANCIAL POSITION

	Note	31/3/2014 N'000	31/3/2013 N'000
<u>Assets:</u>			
Non-current assets			
Property, plant and equipment	12	538,203	641,356
Equity investment	13	130,000	-
Deferred tax assets	9.3	246,277	225,682
Other assets	17	427,551	508,515
Total non-current assets		1,342,031	1,375,553
Current assets			
Inventories	14	227,637	256,833
Trade and other receivables	15	1,250,971	895,937
Amount due from customers under construction contracts	16	533,622	134,726
Other assets	17	106,588	120,760
Cash and cash equivalents	18	128,557	183,617
Total current assets		2,247,375	1,591,873
Total assets		3,589,406	2,967,426
<u>Equity and liabilities:</u>			
Capital and Reserves			
Share capital	23	10,000	10,000
Retained earnings	24	501,804	376,831
Other equity	26	6,121	-
Total equity		517,925	386,831
Non-current liabilities			
Deferred tax liabilities	9.3	158,396	184,582
Total non-current liabilities		158,396	184,582
Current liabilities			
Borrowings	20	107,642	-
Trade and other payables	19	498,021	328,883
Amount due to customers under construction contracts	16	1,184,381	998,936
Current tax liabilities	9.2	132,490	182,397
Employee benefit obligations	21	968,829	817,048
Provisions	22	21,722	68,749
Total current liabilities		2,913,085	2,396,013
Total liabilities		3,071,481	2,580,595
Total equity and liabilities		3,589,406	2,967,426

The financial statements on pages 3 to 42 were approved by the Board of Directors and authorised for issue on 25 June 2014 and signed on its behalf by:



Mr. J. M. Dansu
FRC/2013/NIM/00000003890

(Managing Director)



Mr. P.E. Oriwoh
FRC/2013/NIM/00000003889

(Director, Finance & Administration)

STATEMENT OF CHANGES IN EQUITY

	Share capital N'000	Retained earnings N'000	Other equity N'000	Total N'000
Balance at 1 April 2012	10,000	355,083	-	365,083
Profit for the year	-	33,748	-	33,748
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	33,748	-	33,748
Dividend paid	-	(12,000)	-	(12,000)
Balance at 31 March 2013	10,000	376,831	-	386,831
Profit for the period	-	136,973	-	136,973
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	136,973	-	136,973
Equity portion of loan from Director	-	-	6,121	6,121
Dividend paid	-	(12,000)	-	(12,000)
Balance at 31 March 2014	10,000	501,804	6,121	517,925

STATEMENT OF CASH FLOWS

	Note	31/3/2014 N'000	31/3/2013 N'000
Cash flows from operating activities			
Cash receipt from customers		2,576,232	3,427,390
Cash paid to suppliers and employees		<u>(2,561,175)</u>	<u>(3,563,489)</u>
Cash generated from/(used in) operations		15,057	(136,099)
Income taxes paid	9.2	<u>(9,770)</u>	<u>-</u>
Net cash generated from/(used in) operating activities		<u>5,287</u>	<u>(136,099)</u>
Cash flows from investing activities			
Payment for investment	13.2	(40,000)	-
Proceed from disposal of property, plant and equipment		3,000	-
Purchase of property, plant and equipment	12	<u>(11,347)</u>	<u>(6,341)</u>
Net cash used in investing activities		<u>(48,347)</u>	<u>(6,341)</u>
Cash flows from financing activities			
Dividends paid	25	<u>(12,000)</u>	<u>(12,000)</u>
Net cash used in financing activities		<u>(12,000)</u>	<u>(12,000)</u>
Net decrease in cash and cash equivalents		(55,060)	(154,440)
Cash and cash equivalents at the beginning of the year		<u>183,617</u>	<u>338,057</u>
Cash and cash equivalents at the end of the year	18	<u>128,557</u>	<u>183,617</u>

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Roads Nigeria Plc was incorporated on 11 October, 1974 with registered office at Bye-pass road, Sokoto. The ownership structure is 100% Nigerian. The Company was listed on the Nigerian Stock Exchange in 1979.

1.1 Principal business activity

The Company's principal activities are construction of roads, bridges, Airfields and Dams.

1.2 Financial period

These financial statements cover the financial year from 1 April 2013 to 31 March 2014, with the comparative for the financial year ended 31 March 2013.

1.3 Going concern status

The financial statements have been prepared on a going concern basis. The Directors have determined that there are no threats or other circumstances that can significantly affect the continuous existence of the Company in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 The following revisions to accounting standards and pronouncements were issued and effective at the reporting period

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
IFRS 10 Consolidated Financial Statements	IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. The application of this standard has no effect on the Company's financial statements as the Company does not currently hold an interest in any subsidiary.	1 January 2013
IFRS 11 Joint Arrangements	IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Ventures will be withdrawn upon the effective date of IFRS 11. IFRS 11 is concerned principally with addressing two aspects of IAS 31: first, that the structure of the arrangement was the only determinant of the accounting, and second, that an entity had a choice of accounting treatment for interests in jointly controlled entities. The application of this standard had no impact on the disclosures or on the amounts recognised in the financial statements as the Company does not currently hold any Joint Arrangement contract.	1 January 2013
IFRS 12 Disclosure of Interest in Other Entities	IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. IFRS 12 replaces the disclosure requirements in IAS 27, IAS 28 and IAS 31 except for the disclosure requirements that apply only when preparing Separate financial statements, which are included in IAS 27 Separate financial statements. IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. As such, the application of IFRS 12 has no effect on the Company's financial statements as the Company does not have such interests.	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

IFRS 13 Fair Value Measurement	IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosure about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less cost to sell, based on fair value or disclosures about those measurements), except in the following circumstances: • Share based payment transactions within the scope of IFRS 2 • Leasing transactions within the scope of IAS 17 • Measurements that have some similarities to fair value, such as net realizable in accordance with IAS 2 inventories and value in use in accordance with IAS 36. 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 Company has not made any new disclosures required by IFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements	1 January 2013
Amendments to IAS 1 Presentation of Financial Statements	The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position. The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. In the current year, the Company has applied a number of new and revised IFRSs (see the discussion above), however these have not resulted in material effects on the information in the statement of financial position as at 1 January 2013. Equally there is no material restatement or reclassifications requiring additional statement of financial position.	1 January 2013
IAS 19 (as revised in 2011) Employee Benefits	The amendments to IAS 19 changed the accounting for defined benefit plans and termination benefits. The most significant change relates to the following areas inter alia, • Recognition of changes in the net defined benefit liability • Plan amendments, curtailments and settlements • Disclosure about defined benefit plans • Accounting for termination benefits & • Other miscellaneous issues. The application of this standard has had no impact on the amounts recognised in profit or loss and other comprehensive income in prior years.	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

IFRIC 20 Stripping costs in the production Phase of A Surface Mine	IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognised as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented.	1 January 2013
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The application of this standard has had no impact on the amounts recognised in the financial statements.

- 2.2** The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period (earlier application is permitted in some cases)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39)	Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is notated, provided certain criteria are met.	1 January 2014
IFRS 9(2010)	A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2018 (tentative)
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).	1 January 2014
IFRIC 21 Levies	Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	1 January 2014

The directors of the Company do not anticipate that the applications of these standards will have material effects on the financial statements.

3. Significant accounting policies

3.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

3.2 Basis of preparation

The 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

3.3 Revenue

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales taxes.

3.3.1 Construction contracts

Revenue arises from increase in valuations on contract works. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

NOTES TO THE FINANCIAL STATEMENTS

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade and other receivables.

Advanced payments received are amounts received before the related work is performed and are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortized cost. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historical cost.

3.3.2 Revenue from sale of construction materials

Revenue from the sale of construction materials is recognized when the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the items;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the items sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.3.3 Interest Income

Interest income from a financial asset is recognized when it is probable that economic benefit will flow to the company 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.

3.4 Segment reporting

The Company's business segments are presented based on the information reported to the chief operating decision maker for resource allocation and performance assessment.

The company'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.

3.5 Foreign currencies

The financial statements of the Company are prepared in Naira which is its functional currency. In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at each reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

If the recoverable amount of an asset 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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.

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. 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 inventories comprises suppliers' invoice price and where appropriate, freight and other charges incurred to bring the inventories to their location and condition. Inventories are valued using the first-in-first-out (FIFO) costing method.

3.12 Provisions

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

The amount recognised as provisions is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (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.

3.13 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, except for transaction costs relating to financial assets or financial liabilities at fair value through profit or loss, which are recognised immediately in profit or loss.

3.14 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets are required to be classified into: (a) loans and receivables, (b) held-to-maturity investments (c) Available-for-sale and (d) financial assets at fair value through profit or loss. Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition. The Company has loans and receivables, and available for sales financial assets.

NOTES TO THE FINANCIAL STATEMENTS

3.14.1 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 are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The assets in this category include trade and other receivables, contract receivables and retentions, cash and cash equivalents.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included in investment income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.14.2 Available for sale (AFS)

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. Available-for-sale investments are initially measured at fair value at the date of trade plus directly attributable acquisition costs and are subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the income statement for the period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, 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. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

Trade receivables and other receivables

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Contract receivables and retentions:

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method. Contract receivables and retentions comprise amounts due in respect of certified or approved certificates by the client or consultant at the reporting date for which payment has not been received, and amounts held as retentions on certified certificates at the reporting date. Contract receivables are stated after deduction of specific allowance for any debt considered doubtful of collection. The allowance for bad and doubtful debts is based on the estimated irrecoverable amount which is determined based on the ageing of the receivable balance and historical experience.

NOTES TO THE FINANCIAL STATEMENTS

3.14 Financial assets (continued)

3.14.3 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for 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 assets, the estimated future cash flows of the asset have been affected.

For available for sales equity investment, a significant or prolonged decline in the fair valuation of the security below its cost is considered to objective evidence of impairment.

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 asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized 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 reflecting the amount of collateral and guarantee, 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 assets 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 will not reverse in subsequent periods.

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.

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.

When an available for sale 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.

In respect of available for sale 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 investment revaluation reserves.

NOTES TO THE FINANCIAL STATEMENTS

3.14.4 Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company 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 Company retains an option to repurchase part of a transferred asset), the Company 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.

3.15 Financial liabilities and equity instruments

3.15.1 Classification as debt or equity

Debt and equity instruments issued by an 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.

3.15.2 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 the company are recognised at 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.

3.15.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The company does not have financial liabilities classified as financial liabilities 'at FVTPL'.

- **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 FINANCIAL STATEMENTS

- **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company'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.

Trade payables and other payables

Trade payables and share capital classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed below:

4.1 Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Property, plant and equipment

"Property plant and equipment represent one of the most significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

The useful lives and residual values of the property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

4.1.2 Allowance for obsolete inventory

The company 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 company makes judgements as to whether there is any observable data indicating that there is any future saleability 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 FINANCIAL STATEMENTS

4.1.3 Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts to Company to estimate the services performed to date as a proportion of the total services to be performed.

The estimate of contract revenue may increase or decrease from one period to the next as a result of variations or claims agreed between the Contractor or Customer in a period subsequent to that in which the contract was initially agreed."

4.1.4 Deferred tax assets

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilized. The availability of future taxable profits depends on several factors including the company's future financial performance and if necessary, implementation of tax planning strategies.

4.1.5 Taxation

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority. Under the Nigerian tax system, self-assessment returns are subjected to a desk review for the determination of tax due for remittance in the relevant year of assessment. This is however not conclusive as field audits are carried out within six years of the end of the relevant year of assessment to determine the adequacy or otherwise of sums remitted under self-assessment thus making tax positions uncertain.

4.1.6 Allowance for doubtful receivables

Judgment 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 Company makes a collective impairment allowance for doubtful debt.

NOTES TO THE FINANCIAL STATEMENTS

5 Revenue

An analysis of the Company's revenue is as follows:

	2014 N'000	2013 N'000
Construction contracts	2,729,204	2,918,244
Sale of construction materials	526,417	96,167
	<u>3,255,621</u>	<u>3,014,411</u>

Revenue is derived substantially from construction contracts in Nigeria.

6. Administrative expenses

Salaries, Wages & benefits	117,871	109,502
Directors fees	3,000	3,000
Motor vehicle expenses	11,255	11,997
Travel expenses	12,360	13,827
Rent & rates	3,456	4,014
Specification & tender cost	2,150	1,500
Consumable stores	2,641	1,699
Stationery & printing	1,718	3,720
Accounting & machine maintenance	7,632	6,340
Repairs & maintenance	6,973	13,436
Electricity, gas & water	16,724	24,474
Postages, telephone & telex	2,640	3,147
Security expenses	5,206	5,515
Office maintenance	4,454	3,048
Photocopier expenses	856	1,527
Radio transmitter expenses	364	241
Audit fees	12,500	12,500
Legal & professional fees	3,614	1,110
Advertising & public relation	3,976	2,740
Depreciation	3,822	3,982
Miscellaneous expenses	3,552	1,791
Staff training	2,184	3,191
Newspapers	108	173
Business meetings	3,516	3,436
UBA registrars	6,782	6,268
Medical expenses	3,192	3,403
Guest house expenses	5,374	7,638
Social expenses	2,675	1,318
Renewal business premises	620	720
Interest & related charges	5,088	8,732
Group personnel insurance	4,815	6,747
Ground rent	57	-
	<u>261,175</u>	<u>270,736</u>

NOTES TO THE FINANCIAL STATEMENTS

7 Segment reporting

7.1 Products and services from which reportable segments derive their revenues

This is the measure reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance. The Management of Roads Nigeria Plc is the company's chief operating decision maker and determines segments based on the information reviewed by it for the purposes of allocating resources and assessing performance. Management assesses the performance of the segments based on a measure of profit or loss before taxation. This measurement basis excludes investment income, other gains and losses, finance costs and taxes. As at 31 March 2014, the Company has one major business segment - construction. Revenue and cost mainly represents operating revenue and expenses that are directly related to the major business segment.

7.2 Segment revenue and results

	2014		2013	
	Segment revenue N'000	Profit/(loss) before taxation N'000	Segment revenue N'000	Profit/(loss) before taxation N'000
Construction contracts	2,729,204	621,518	2,918,244	172,416
Sale of construction materials	526,417	(418,149)	96,167	(37,575)
	<u>3,255,621</u>	<u>203,369</u>	<u>3,014,411</u>	<u>134,841</u>

7.3 Business and geographical segments

The company operates in one geographical area - Nigeria. The revenue of the Company is wholly derived in Nigeria.

7.4 Business and geographical segments

All assets and liabilities are jointly used by the reportable segments.

7.5 Information about major customers

Included in the revenue reported of N3.26 billion (2013: N3.01 billion) are three customers whose individual contribution of N1.45 billion (2013: N1.38 billion), N1 billion (2013: N573 million) and N171 million (2013: N462 million) represent more than 10% of the total revenue reported by the Company. No other single customers contributed 10% or more to the Company's revenue for both 2014 and 2013.

8 Other gains and losses

	2014 N'000	2013 N'000
Gain on disposal of property, plant and equipment	3,000	150
	<u>3,000</u>	<u>150</u>

NOTES TO THE FINANCIAL STATEMENTS

9 Taxation

9.1 Income tax recognised in statement of Profit or Loss and Other Comprehensive Income

	2014 N'000	2013 N'000
Current tax:		
<i>Current tax expense in respect of the current year:</i>		
Corporation tax	105,597	109,832
Education tax (2 % of assessable profit)	7,580	19,313
	<u>113,177</u>	<u>129,145</u>
<i>Adjustments in current year for current tax of prior years:</i>		
Under/(over) provision in prior year	-	19,468
	<u>113,177</u>	<u>148,613</u>
Deferred tax:		
Deferred tax credit recognised in the current year (Note 9.3)	(46,781)	(47,520)
Total income tax expense recognised in current year	<u>66,396</u>	<u>101,093</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2014 N'000	2013 N'000
Profit before tax from operations	<u>203,369</u>	<u>134,841</u>
Expected income tax expense calculated at 30% (2013: 30%)	61,011	40,452
Education tax expense calculated at 2% (2013: 2%) of assessable profit	7,580	19,313
Effect of income that is exempt from taxation	-	-
Effect of expenses that are not deductible in determining taxable profit	44,586	69,380
Deferred tax expense recognised in the current year	(46,781)	(47,520)
	<u>66,396</u>	<u>81,625</u>
Adjustments in the current year for current tax of prior year	-	19,468
Income tax expense recognised in profit or loss	<u>66,396</u>	<u>101,093</u>

Corporation tax is calculated at 30% (2013: 30%) 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 is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

NOTES TO THE FINANCIAL STATEMENTS

9.2 Current tax liabilities

	31/3/2014 N'000	31/3/2013 N'000
At 1 April	182,397	76,552
Charged for the year	113,177	129,145
Adjustment (Note 9.2.1)	3,584	-
Under provision in prior years	-	19,468
Withholding tax utilised as tax offset	(156,898)	(42,768)
Payments during the year	(9,770)	-
	132,490	182,397
Comprises of:	N'000	N'000
Company income tax	105,597	153,239
Education tax	26,893	29,158
	132,490	182,397

- 9.2.1** The adjustment relates to erroneous posting of supplier's invoice into the tax liability account in 2011 which was reversed in the current year.

9.3 Deferred taxation

The following are the deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period:

	31/3/2014 N'000	31/3/2013 N'000
At beginning of year	(41,100)	6,420
Charged to profit or loss: (Writeback)/charge	(46,781)	(47,520)
Charged to other comprehensive income	-	-
At end of year	(87,881)	(41,100)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax assets after offset presented in the Statement of Financial Position:

	31/3/2014 N'000	31/3/2013 N'000
Deferred tax liabilities	158,396	184,582
Deferred tax assets	(246,277)	(225,682)
	(87,881)	(41,100)

Deferred taxation	Accelerated tax depreciation	Retirement benefit obligation	Provisions and others	Total
	N'000	N'000	N'000	N'000
Balance at 1 April 2012	39,740	(33,320)	-	6,420
Charged to profit or loss	144,842	(192,362)	-	(47,520)
Balance at 31 March 2013	184,582	(225,682)	-	(41,100)
Charged to profit or loss	(26,186)	(20,595)	-	(46,781)
Balance at 31 March 2014	158,396	(246,277)	-	(87,881)

NOTES TO THE FINANCIAL STATEMENTS

10 Profit for the year

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

	31/3/2014	31/3/2013
	N'000	N'000
Director's remuneration	27,276	27,276
Depreciation of property, plant and equipment	114,500	115,169
Gain on disposal of property, plant and equipment	(3,000)	(150)
Auditors' remuneration	12,500	12,500
Employee costs (note 27.2)	<u>529,631</u>	<u>1,161,057</u>

11 Earnings per share

Basic earnings per share are calculated on the basis of earnings (profit after taxation) and the weighted average number of issued and fully paid ordinary shares of each financial year as follows:

	31/3/2014	31/3/2013
	N'000	N'000
Earnings for the year attributable to owners of the Company	<u>136,973</u>	<u>33,748</u>
Earnings used in the calculation of basic earnings per share	<u>136,973</u>	<u>33,748</u>
	Number	Number
20,000,000 ordinary shares of 50k each	<u>20,000</u>	<u>20,000</u>
Earnings per 50k share - basic (Naira)	<u>6.85</u>	<u>1.69</u>

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

11.1 Impact of changes in accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

	Freehold land N'000	Staff housing, office yard and workshop N'000	Plant, machinery and vehicles N'000	Furniture and equipment N'000	Capital work in progress N'000	Total N'000
<u>Cost:</u>						
At 1 April 2012	1,244	107,483	1,768,376	39,208	9,701	1,926,012
Additions	-	154	4,896	1,291	-	6,341
Write-offs (note 12.4)	(1,244)	-	-	-	(9,701)	(10,945)
Disposal	-	-	(1,563)	-	-	(1,563)
At 31 March 2013	-	107,637	1,771,709	40,499	-	1,919,845
Additions	-	-	7,800	3,547	-	11,347
Disposal	-	-	(51)	-	-	(51)
At 31 March 2014	-	107,637	1,779,458	44,046	-	1,931,141
<u>Accumulated depreciation and impairment:</u>						
At 1 April 2012	-	100,179	1,039,227	25,477	-	1,164,883
Charge for the year	-	718	110,088	4,363	-	115,169
Disposal	-	-	(1,563)	-	-	(1,563)
At 31 March 2013	-	100,897	1,147,752	29,840	-	1,278,489
Charge for the year	-	649	108,623	5,228	-	114,500
Impairment loss	-	-	-	-	-	-
Disposal	-	-	(51)	-	-	(51)
At 31 March 2014	-	101,546	1,256,324	35,068	-	1,392,938
<u>Carrying amount</u>						
At 31 March 2014	-	6,091	523,134	8,978	-	538,203
At 31 March 2013	-	6,740	623,957	10,659	-	641,356

12.1 Impairment losses recognised in the year

There were no impairment losses recognised during the year (2013: Nil).

12.2 Contractual commitments

At 31 March 2014, the company had no contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

12.3 Assets pledged as security

The Company did not charge any of its assets to secure liabilities of third parties.

12.4 Other information relating to property, plant and equipment

The Capital work in progress represents the Company's property at Abuja for its new Head Office complex with preliminary construction works on ground. This was written off in prior year as the department of Abuja Geographical Information System (AGIS) under the Federal Capital Territory Authority (FCTA) revoked the title to the land.

NOTES TO THE FINANCIAL STATEMENTS

13 Equity investment	31/3/2014	31/3/2013
	N'000	N'000
Investment in North South Power Company Limited	<u>130,000</u>	<u>-</u>

This represents the equity cost of 3% share holding in North South Power Company Limited. The total cost of the investment is N130 million which includes transaction cost of N10million that was directly attributable to the acquisition of the investment. This is an available-for-sale investment that does not have a quoted market price and whose fair value cannot be reliably measured and as such is measured at cost. No impairment loss was recognised on the asset during the financial year.

13.1 Movement in equity investment	31/3/2014	31/3/2013
	N'000	N'000
At 1 April	-	-
Additions (note 13.2)	120,000	-
Reclassification from other assets (note 17)	10,000	-
Impairment loss	-	-
	<u>130,000</u>	<u>-</u>

The sum of N10million naira was paid as transaction and bidding cost to BP investment in the year 2012. This was paid to enable the Company to be shortlisted for the bidding and acquisition of equity interest in North South Power Company Limited. The amount was classified as Deposit for investment in prior year and has now been reclassified as part of the investment cost.

13.2 Reconciliation of additions to equity investment	31/3/2014	31/3/2013
	N'000	N'000
Cash payment	40,000	-
Loan from BP Investment (note 20.2)	80,000	-
	<u>-</u>	<u>-</u>
	<u>120,000</u>	<u>-</u>

14 Inventories	31/3/2014	31/3/2013
	N'000	N'000
Construction materials	70,832	101,313
Spare parts	243,861	409,528
	<u>314,693</u>	<u>510,841</u>
Less: Allowance for obsolete and slow moving stock	<u>(87,056)</u>	<u>(254,008)</u>
	<u>227,637</u>	<u>256,833</u>

The cost of inventories recognised as an expense during the year amounted to N1.40 billion (2013: N1.29 billion)

NOTES TO THE FINANCIAL STATEMENTS

15 Trade and other receivables	31/3/2014 N'000	331/3/2013 N'000
Trade receivables:		
Contract and retention receivables (note 15.1)	1,230,945	875,903
Receivables from sale of construction materials	2,258	2,258
	<u>1,233,203</u>	<u>878,161</u>
Less: Allowance for doubtful trade receivables	<u>(2,258)</u>	<u>(2,258)</u>
	<u>1,230,945</u>	<u>875,903</u>
Other receivables:		
Sundry debtors	<u>20,026</u>	<u>20,034</u>
Trade and other receivables	<u>1,250,971</u>	<u>895,937</u>
<u>Analysed as follows:</u>		
Current portion	1,250,971	895,937
Non current portion	<u>-</u>	<u>-</u>
	<u>1,250,971</u>	<u>895,937</u>
15.1 Contract and retention receivables		
Due on certificates	930,569	547,202
Retentions	<u>300,376</u>	<u>328,701</u>
	<u>1,230,945</u>	<u>875,903</u>

NOTES TO THE FINANCIAL STATEMENTS

15 Trade and other receivables (continued)

15.2 Trade receivables

Trade receivables are receivables from trading operations of the Company. The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

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

The Company has recognised an allowance for doubtful debts against all receivables over 3 years because management's continuous efforts to recover these debts is gradually becoming uncertain. Allowances for doubtful debts are recognised against trade receivables based on management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are more than 3 years outstanding but are still considered recoverable.

Age of trade receivables that are past due but not impaired

	31/3/2014 N'000	31/3/2013 N'000
1 - 3 years	1,230,945	841,965
3 - 4 years	-	33,938
Above 4 years	-	-
Total	1,230,945	875,903

Age of impaired trade receivables

1 - 3 years	-	-
3 - 4 years	-	-
Above 4 years	2,258	2,258
Total	2,258	2,258

Movement in the allowance for doubtful debts

	31/3/2014 N'000	31/3/2013 N'000
Balance at the beginning of the year	2,258	2,258
Additional provisions for the year	-	-
Amounts recovered during the year	-	-
Balance at the end of the year	2,258	2,258

In determining the recoverability of a trade receivable the Company 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 unrelated.

NOTES TO THE FINANCIAL STATEMENTS

16 Amounts due from /(to) customers under construction contracts

	31/3/2014 N'000	31/3/2013 N'000
Contracts in progress at the end of the reporting period		
Construction costs incurred for the period plus recognised profits less recognised losses to date	4,864,538	11,573,964
Less: Progress billings	<u>(5,515,297)</u>	<u>(12,438,174)</u>
	<u>(650,759)</u>	<u>(864,210)</u>
Recognised and included in the financial statements as amounts due:		
Due from customers under construction contracts	533,622	134,726
Due to customers under construction contracts	<u>(1,184,381)</u>	<u>(998,936)</u>
	<u>(650,759)</u>	<u>(864,210)</u>

At 31 March 2014, retentions held by customers for contract work amounted to N300 million (31/3/2013: N329 million). Advances received from customers for contract work amounted to N1.08 billion (31/3/2013: N905 million).

	31/3/2014 N'000	31/3/2013 N'000
17 Other assets		
Prepayments	991	928
Deposits for investment	-	10,000
Withholding tax receivables (note 17.1)	<u>533,148</u>	<u>618,347</u>
	<u>534,139</u>	<u>629,275</u>
<u>Analysed as follows:</u>		
Current	106,588	120,760
Non current	<u>427,551</u>	<u>508,515</u>
	<u>534,139</u>	<u>629,275</u>

17.1 Withholding tax receivables

At beginning of year	618,347	536,479
Additions during the year	<u>71,699</u>	<u>124,636</u>
	690,046	661,115
Less: Amount utilized as tax offsets		
	<u>(156,898)</u>	<u>(42,768)</u>
At end of year	<u>533,148</u>	<u>618,347</u>

NOTES TO THE FINANCIAL STATEMENTS

18 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. 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:

	31/3/2014 N'000	31/3/2013 N'000
Cash balance	5,146	8,253
Bank balances	123,411	175,364
	<u>128,557</u>	<u>183,617</u>

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

19 Trade and other payables

	31/3/2014 N'000	31/3/2013 N'000
Trade payable	245,072	126,883
Other payables:		
Sundry creditors	14,349	18,114
Accrued audit fee	12,500	12,500
Subcontractors less retention	38,863	32,850
Salary payable	7,000	41,196
Plant hire	137,970	17,111
Accrued expenses	42,267	80,229
	<u>252,949</u>	<u>202,000</u>
Trade and other payables	<u>498,021</u>	<u>328,883</u>

Trade creditors and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 60 days. For all suppliers no interest is charged on the trade payables on invoices. 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.

20 Borrowings

	31/3/2014 N'000	31/3/2013 N'000
Loan from Director (note 20.1)	27,642	-
Loan from BP Investment Limited (note 20.2)	80,000	-
	<u>107,642</u>	<u>-</u>

20.1 Loan from Director

During the year, the Managing Director gave out a short term interest free loan of N35.5million to the Company to support its operation for which N5million was repaid. The current prime lending rate for such loan from the commercial bank is 16.69% as at 31 March 2014 which shows the amortized cost of the loan balance is N27.6million as at 31 March 2014.

20.2 Loan from BP Investment Limited

During the year, BP Investment Limited paid a total sum of N120 million on behalf on Roads Nigeria Plc for the equity cost of shareholding in North South Power Company Limited for which N40million was repaid. At year end, a sum of N80 million was yet to be paid to BP Investment Limited. The outstanding loan balance will attract an interest charge at the rate of 18% per annum from 1 April 2014 until it is fully liquidated.

NOTES TO THE FINANCIAL STATEMENTS

21 Employee benefit obligations

	31/3/2014 N'000	31/3/2013 N'000
Staff pension (note 21.1)	105,558	64,774
Retirement benefits (note 21.2)	820,923	752,274
Severance benefits	42,348	-
	<u>968,829</u>	<u>817,048</u>

21.1 Staff Pension

The company operates a defined contributory pension scheme for the benefit of its staff which is independent of its finances and managed by Pension Fund Administrator. The scheme which is funded by contributions from both employees and employer at 7.5% each of relevant emoluments, is consistent with the Pension Reform Act 2004.

The total expense recognised in the income statement of N40.8 million (2013: N39.6 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at 31 March 2014, contributions of N105.6 million (2013: N64.8 million) due in respect of the 2014 (2013) reporting period had not been paid over to the plans.

	31/3/2014 N'000	31/3/2013 N'000
At beginning of year	64,774	25,174
Provision during the year	40,784	39,600
Payments during the year	-	-
At end of year	<u>105,558</u>	<u>64,774</u>

Balance outstanding as at 31 March 2014 represents amount to be remitted to Pension Fund Administrators.

21.2 Retirement benefits

	31/3/2014 N'000	31/3/2013 N'000
At beginning of year	752,274	111,065
Provision during the year	-	641,209
Prior year reclassification	20,000	-
	<u>772,274</u>	<u>752,274</u>
Payments during the year	(3,259)	-
	<u>769,015</u>	<u>752,274</u>
Interest on outstanding balance	51,908	-
At end of year	<u>820,923</u>	<u>752,274</u>

Agreements were reached on 30 November 2011 by the National Joint Industrial Council for the Building and Civil Engineering Industry in Nigeria to liquidate the accumulated employees' retirement benefits and henceforth, employee retirement benefits should be paid on annual basis as severance benefits. All past obligations per the terms of the agreement were expected to be provided and liquidated by the due date of 1 October 2013. At the end of the reporting period, the outstanding obligations are yet to be settled by the entity but interest due of 3% per annum on the amount due has been calculated as part of the obligation as specified in the NJIC agreement.

NOTES TO THE FINANCIAL STATEMENTS

22 Provisions

	31/3/2014 N'000	31/3/2013 N'000
At beginning of year	68,749	-
Additions during the year	-	68,749
Reclassified to retirement benefits	(20,000)	-
Reclassified to plant hire	(27,027)	-
At end of year	21,722	68,749
Current	21,722	68,749
Non-current	-	-
	21,722	68,749

Balance of provision is mainly in respect of pending tax dispute with some Revenue Authorities in Sokoto and Kebbi state.

Reclassification in the year represents obligation in respect of employees' retirement benefits and plant hire cost which was included as part of the provisions in prior period.

23 Share capital

	31/3/2014 N'000	31/3/2013 N'000
Authorised:		
30,000,000 ordinary shares of 50k each	15,000	15,000
Issued and fully paid:		
20,000,000 ordinary shares of 50k each	10,000	10,000

The Company has one class of ordinary shares which carry no right to fixed income, one vote per share and a right to dividends.

24 Retained earnings

	31/3/2014 N'000	31/3/2013 N'000
At 1 April	376,831	355,083
Profit for the year	136,973	33,748
Dividend paid (note 25)	(12,000)	(12,000)
At 31 March	501,804	376,831

NOTES TO THE FINANCIAL STATEMENTS

	31/3/2014	31/3/2013
	N'000	N'000
25 Dividend		
At 1 April	-	-
Proposed dividend	12,000	12,000
Payment during the year	<u>(12,000)</u>	<u>(12,000)</u>
At 31 March	<u>-</u>	<u>-</u>

On 26 September 2013, a dividend of 60 kobo per ordinary share (total dividend N12 million) was approved by the shareholders and paid to holders of fully paid ordinary shares in the year.

In respect of the current year, the Directors propose that a dividend of 60kobo per share be paid to shareholders on 25 June 2014. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 31 March 2014. The total estimated dividend to be paid is N12 million which is subject to withholding tax at the appropriate rate.

The Directors also proposed a bonus share of 1 for 4 ordinary shares held by the shareholders on the Register of Members on 31 March 2014.

26. Other Equity

The amount represents the equity portion of the interest free loan granted to the Company by the Managing Director as at 31 March 2014. The fair value of the loan was determined as at 31 March 2014 to reflect the current value of the loan as well as the embedded equity portion of the loan. The equity portion will be released to retained profit when the loan is repaid by the Company.

27 Directors and employees

27.1 Directors

	31/3/2014	31/3/2013
	N'000	N'000
Emoluments:		
Emoluments as chairman	-	-
Other Directors	<u>24,276</u>	<u>24,276</u>
	<u>24,276</u>	<u>24,276</u>
 Fees	 3,000	 3,000
Other emoluments	<u>24,276</u>	<u>24,276</u>
	<u>27,276</u>	<u>27,276</u>
 Highest paid Director received	 <u>16,454</u>	 <u>16,454</u>

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

	Number	Number
Range (N)		
190,001 - 2,000,000	-	-
2,000,001 - 3,000,000	-	-
Above 3,000,000	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>
 Number of Directors who had no emoluments	 <u>3</u>	 <u>3</u>

No Director's emoluments other than stated were waived during the year.

NOTES TO THE FINANCIAL STATEMENTS

27 Directors and Employees (continued)

27.2 Employees

The average number of employees employed during the year:

	Number	Number
Managerial	2	2
Executive staff	24	24
Junior staff	549	726
	<u>575</u>	<u>752</u>

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

Range (N)	Number	Number
100,001 - 150,000	74	99
150,001 - 200,000	5	79
200,001 - 250,000	6	2
250,001 - 300,000	38	0
300,001 - 350,000	2	46
350,001 - 400,000	26	45
400,001 - 450,000	39	37
450,001 - 500,000	105	202
500,001 - 550,000	179	41
550,001 - 600,000	53	61
600,001 and above	48	140
	<u>575</u>	<u>752</u>

The total staff costs amounted to:

	N'000	N'000
Wages, salaries, allowances and other benefits	394,591	479,651
Pension, severance and retirement benefits cost	135,040	681,406
	<u>529,631</u>	<u>1,161,057</u>

28 Cash generated from operations

Reconciliation of profit after tax to net cash generated/(used in) by operating activities:

	31/3/2014 N'000	31/3/2013 N'000
Profit for the year	136,973	33,748
Adjustments for:		
Depreciation of property, plant and equipment	114,500	115,169
Provision for inventory obsolesces	-	179,000
Write off on property, plant and equipment	-	10,954
Gain on disposal of assets	(3,000)	-
Finance cost	3,263	-
Provisions	-	68,749
Operating cash flows before movements in working capital	<u>251,736</u>	<u>407,620</u>
Changes in working capital		
Decrease/(increase) in inventories	29,196	(152,176)
(Decrease)/increase in trade and other receivables	(355,034)	299,906
Increase in other assets	95,136	1,734
Increase in trade and other payables	79,138	41,633
Increase in borrowings	110,500	-
Increase in retirement benefits	151,781	680,809
Decrease in amount due under construction contracts	(213,451)	(1,497,250)
(Decrease)/increase in current tax liabilities	(49,907)	129,145
Decrease in deferred taxation	(46,781)	(47,520)
Decrease in provision	(47,027)	-
	<u>5,287</u>	<u>(136,099)</u>

NOTES TO THE FINANCIAL STATEMENTS

29 Non-cash transactions

There were no non-cash transactions during the year (31/3/2013: Nil).

30 Related party transactions

30.1 Remuneration of key management personnel

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

	31/03/2014 N'000	31/03/2013 N'000
Short-term employee benefits	<u>27,276</u>	<u>27,276</u>

No payments were made to any Director - past or present in respect of pension and compensation for loss of office.

Except as disclosed above, the Directors are not entitled to post employment benefits or other long term benefits.

30.2 Loans and other transactions involving Directors

During the year, the Managing Director gave out a short term interest free loan of N35.5million to the Company to support its operation for which N5million was repaid.

30.3 Ultimate controlling party of Roads Nigeria Plc.

No entity has been identified as the ultimate controlling party for the reporting periods.

31 Capital risk management

The company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation equity. The company's overall strategy remains unchanged from 2013.

The capital structure of the Company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings.

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

Equity includes all capital and reserves of the Company that are managed as capital. Detail is presented below:

	31/03/2014 N'000	31/03/2013 N'000
Capitals and reserves		
Share capital	10,000	10,000
Retained earnings	<u>501,804</u>	<u>376,831</u>
	<u>511,804</u>	<u>386,831</u>

Gearing ratio

There is no debt in the Company's capital structure except for the loan of N30.5million given to the Company by the Managing Director and the loan due to BP Investment Limited in the sum of N80million.

NOTES TO THE FINANCIAL STATEMENTS

32 Financial Instruments

32.1 Categories of financial instruments

Financial assets	31/3/2014 N'000	31/3/2013 N'000
Loans and receivables		
Cash and bank balances	128,557	183,617
Trade and other receivables	1,250,971	895,937
Gross amount due from customers under construction	533,622	134,726
	1,913,150	1,214,280
Available for sale		
Investment in equity	130,000	-
	130,000	-
Financial liabilities		
Financial liabilities at amortised cost:		
Borrowings	110,500	-
Trade and other payables	498,021	328,883
	608,521	328,883

Financial liabilities at amortised costs comprise trade and other payables and borrowings

32.2 Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks that may arise will have on the Company's reported results. The Company's senior management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below. The Company does not trade in financial instruments, nor does it take on speculative or open positions through the use of derivatives.

The Company has investment in equity, trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Company has exposure to the following risks:

- Market risk
- Credit risk
- Liquidity risk

The company is exposed to a range of financial risks which predominantly arise from changes in foreign exchange 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.

32.3 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the company that are affected by market risk are principally the non-derivative financial instruments which include trade and other receivables, cash and cash equivalents and trade and other payables).

32.3.1 Foreign currency risk management

The Company does not undertake transactions denominated in foreign currencies; therefore, exposures to exchange rate fluctuations does not arise.

NOTES TO THE FINANCIAL STATEMENTS

32.4 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), and from its financing activities; including deposits with financial institutions and financial guarantees.

Trade receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (in form of advances), where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company transacts with government, government institutions and other top rated individuals. The Company'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 the Board and management periodically.

Deposits with financial institutions

Credit risk from balances with banks and financial institutions is managed by the Management. Surplus funds are spread amongst reputable commercial banks and funds must be within credit limits assigned to each counterpart. Counterpart credit limits are reviewed by the Management periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The carrying amount of financial assets represents the Company's maximum exposure, which at the reporting date, was as follows:

	31/3/2014	31/3/2013
	N'000	N'000
Cash and cash equivalents	128,557	183,617
Trade and other receivables	1,250,971	895,937
Gross amount due from customers under construction	533,622	134,726
Investment in equity	130,000	-
	<u>2,043,150</u>	<u>1,214,280</u>

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

32.5 Liquidity risk management

Liquidity risk is the risk that the company 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 company is unable to meet settlement obligations to the acquiring banks due to failure of an issuing bank to pay.

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 company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by monitoring the maturity profiles of financial liabilities.

Maturity profile

The following tables show the Company's contractual maturities of financial liabilities:

		31/3/2014			
	Carrying amount N'000	Contractual cashflows N'000	Less than 3 months N'000	3-6 months N'000	6 months to 1 year N'000
Financial liabilities at amortised cost					
Borrowings	110,500	110,500	88,000	7,500	15,000
Trade and other payables	498,021	498,021	400,246	80,000	17,775
	608,521	608,521	488,246	87,500	32,775
		31/3/2013			
	Carrying amount N'000	Contractual cashflows N'000	Less than 3 months N'000	3-6 months N'000	6 months to 1 year N'000
Financial liabilities at amortised cost					
Borrowings	-	-	-	-	-
Trade and other payables	328,883	328,883	261,086	49,961	17,836
	328,883	328,883	261,086	49,961	17,836

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.

32.6 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.

33 Capital Commitments

There were no commitments in respect of capital expenditure at the end of the reporting period.

34 Guarantees

There were no guarantees on behalf of Directors during the period (31/3/2013: Nil).

STATEMENT OF VALUE ADDED

	2014 N'000	%	2013 N'000	%
Revenue	3,255,621		3,014,411	
Bought in materials and services:				
- Imported	-		-	
- Local	(2,408,121)		(1,603,344)	
VALUE ADDED	847,500	100	1,411,067	100
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	529,631	62	1,161,057	82
To pay Government:				
Taxation	113,177	13	148,613	11
Retained for future replacement of assets and expansion of business:				
- Depreciation	114,500	14	115,169	8
- Deferred taxation	(46,781)	(5)	(47,520)	(3)
- Retained profit	136,973	16	33,748	2
VALUE ADDED	847,500	100	1,411,067	100

Value added represents the additional wealth which the company has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth among employees, government, shareholders and that retained for future creation of more wealth.

FINANCIAL SUMMARY

Statement of financial position

<u>Assets</u>	2014 N'000	2013 N'000	2012 N'000	2011 N'000
Property, plant and equipment	538,203	641,356	761,129	909,067
Equity investment	130,000	-	-	-
Deferred tax assets	246,277	225,682	33,320	117
Other assets	427,551	508,515	468,555	342,817
Net current liabilities	(665,710)	(804,140)	(858,181)	(957,353)
	676,321	571,413	404,823	294,648
Deferred taxation	(158,396)	(184,582)	(39,740)	(14,218)
	517,925	386,831	365,083	280,430
<u>Equity</u>				
Share capital	10,000	10,000	10,000	10,000
Retained earnings	501,804	376,831	355,083	270,430
Other equity	6,121	-	-	-
	517,925	386,831	365,083	280,430

Statement of profit or loss and other comprehensive income

Revenue	3,255,621	3,014,411	3,336,159	3,614,363
Profit before taxation	203,369	134,841	138,294	121,972
Taxation	(66,396)	(101,093)	(43,641)	(48,775)
Profit after taxation	136,973	33,748	94,653	73,197

Per share data (Naira)

Earnings per share	6.85	1.69	4.73	3.66
Dividend	-	0.60	0.60	0.50
Net assets per share	25.90	19.34	18.25	14.02

Earnings per share are based on the profit after tax and the number of issued and fully paid up ordinary shares at the end of each financial year.

Net assets per share are based on the net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

Dividend per share is based on the proposed dividend for the year which is subject to approval at the Annual General Meeting divided by the number of ordinary shares of 50k in issue at the end of each financial year.