SMART PRODUCTS
NIGERIA PLC.
RC 4738

No 373, Agege Motor Road,
Challenge, Mushin.
P.O. Box 156, Ikeja,
Lagos, Nigeria.

Cables: SMAROIL-LAGOS
Telephone:01 - 452 2535
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Secretaries: GENASEC LTD.

SMART PRODUCTS NIGERIA PLC

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2020

SMART PRODUCT NIGERIA PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2020

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SMART PRODUCTS NIGERIA PLC

CORPORATE INFORMATION

Directors:	High Chief (Sir) Simeon O. Oguntimehin, OON, FCA (Retired w.e.f 27/8/2020) Abiola A. Aderonmu, Esq., Chairman (w.e.f 27/8/2020) Dr. Moses O. Ajaja Pastor Akinrinola O. Laoye, Adejinle O. Adeniji, Esq.,
Company Secretaries:	Alpha-Genasec Limited, Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, **Lagos** Tel: 09031613983 E-mail: alphagenasec@bakertillynigeria.com
Registered office:	373, Agege Motor Road, Challenge, Mushin, **Lagos** Tel: 01-8131274
Registration number:	RC 4738
Independent Auditors:	Bakertilly Nigeria, (Chartered Accountants), Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, **Lagos** Tel: 07035051231 E-mail: btnlag@bakertillynigeria.com
Registrars:	Meristem Registrars Limited, 213, Herbert Macaulay Street, Adekunle, Yaba, **Lagos** Tel: 01-2717350 E-mail: info@meristemregistrars.com
Bankers:	Access Bank Plc Sterling Bank Plc

SMART PRODUCTS NIGERIA PLC

RESULTS AT A GLANCE

	2020 ₦	2019 ₦	Percentage Change
Gross revenue	49,427,474	49,841,646	(1)
Profit before taxation	9,688,403	7,989,268	21
Profit after taxation	7,384,812	5,431,144	36
Share capital	22,500,000	22,500,000	-
Equity attributable to owners	92,648,261	89,763,449	3

Per share data:

Earnings (in kobo)	16	12
Net assets (in kobo)	206	199
Dividend declared (in kobo)	10	10

SMART PRODUCTS NIGERIA PLC

REPORT OF THE DIRECTORS

1. The directors hereby submit their report and the financial statements of the company for the financial year ended 31 December, 2020.

2. **Result**

	₦
Profit before taxation	9,688,403
Income tax expense	(1,258,600)
Deferred taxation	(1,044,991)
Profit after taxation	7,384,812
	========

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The company formerly Associated Press Limited was incorporated on 11 January 1966 as a private limited liability company and commenced operation as a legal entity immediately. The name was changed to Smurfit Print Nigeria Limited in 1987 and was subsequently converted to a public limited liability company in 1991 which made it change its name to Smurfit Print Nigeria Plc. The name was changed again to Smart Products Nigeria Plc on 25 September, 2005.

4. **Principal activities**
The company continued to let out the warehouse and rely on its rental income during the year under review.

5. **Review of operational performance**
A profit after tax of ₦7,384,812 -was achieved in 2020 compared to a profit after tax of ₦5,431,144 in the preceding year.

6. **Directors**
The names of the directors of the company are as stated on page 1 of these reports and financial statements.

7. **Directors' interests**

(i) The directors' interests in the company's shares as at 31 December, 2020 were as follows: -

	No. of shares	
	2020	**2019**
High Chief (Sir) S. O. Oguntimehin, OON- indirect (Anfani Investment) Retired w.e.f 27/8/2020	106,750	106,750
Abiola Aderonmu, Esq.,	24,783,579	24,783,579
Dr. M.O. Ajaja	250,000	250,000
Pastor Akinrinola O. Laoye	409,000	409,000

(ii) None of the directors has notified the company for the purpose of Section 303 of the Companies and Allied Matters Act to the effect that he had interest in any contract with which the company was involved during the period under review.

8. **Substantial interest in shares**

According to the Register of members, the following persons held more than 5% of the issued share capital of the company on 31 December, 2020:

Shareholders	**Number of shares**	**Percentage**
A. A. Aderonmu, Esq.,	24,783,579	55.07
Smurfit overseas	9,000,000	20.00

9. **Directors' responsibility**

In accordance with the provisions of the Companies and Allied Matters Act, the directors of the company are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year, and of the profit or loss for that year, and comply with the provisions of the Companies and Allied Matters Act. In doing so, they ensure that:-

- Proper accounting records are maintained;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- The going concern basis is used, unless it is inappropriate to presume that the company will continue in business; and
- Adequate internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

10. **Shareholding**

As at 31 December, 2020, the shares of the company were held as follows: -

	2020		**2019**	
Shareholders	**No. of shares**	**%**	**No. of shares**	**%**
Nigerian individuals and organizations	36,000,000	80	36,000,000	80
Non-resident	9,000,000	20	9,000,000	20
	45,000,000	100	45,000,000	100
	========	===	========	===

11. **Property, plant and equipment**

Movements in property, plant and equipment during the period are shown in Note 9 to the financial statements on page 31. In the opinion of the directors, the market value of the company's fixed assets is not lower than the value shown in the financial statements.

12. **Dividend**

The directors recommend payment of dividend 10 kobo per 50 kobo share amounting to ₦4.5 million compared to dividend of 10 kobo per 50 kobo share paid in 2019 (**₦4.5 million)**

13. **Personnel**

(i) ***Employment of disabled persons:***

The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop their knowledge and skills within the organisation. As at 31 December, 2020 there were, however, no disabled persons in the company's employment.

(ii) ***Employee's involvement and training:***
The company is committed to keeping employees fully informed as far as possible regarding its performance and progress and seeking their views whenever practicable, on matters which particularly affect them as employees.

(iii) ***Staff welfare and safety at work:***
The company places high premium on its human resources and there is existing provision for lunch, rent and transport allowances. The company conducts its activities in a way to take foremost account of the safety of its employees and other persons.

14. **Corporate Governance Report**
Corporate Governance principles, rules and regulatory requirements of the Nigerian Stock Exchange and Securities and Exchange Commission have indeed been an integral part of the way Smart Products Nigeria Plc conducts its business.

The Company has always been guided by a strong conviction of adhering to transparency, accountability, good management practices and integrity through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities.

It believes that the implementation of global best practices and corporate governance principles would help to achieve commitment and goals to enhance stakeholders' value. We therefore present in detail, the Board activities in the last financial year as follows:

i. **The Board Composition and its Committees**

- The Board has overall responsibility for ensuring that the Company is appropriately managed and achieves its strategic objectives.
- The company's Articles of Association provide that the company's Board shall consist of not more than 8 Directors. During the year the Board comprised of five non- executive Directors.
- The Company's Board comprises of a non- executive Chairman and Directors, all bringing high levels of competencies and experience, with enviable records of achievement in their respective fields.
- The Board meets regularly to set broad policies for the Company's business and operations and ensures that a professional relationship is maintained with the Company's auditors in order to promote transparency in financial and non-financial reporting.

ii. **Role of the Board**

- The Board is responsible for the review of goals, major plans of action, annual budget and business plans with overall strategies setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditure in the approved budget.
- Ensuring proper accounting records which disclose with reasonable accuracy at any time, the financial status of the company are maintained and that the financial reporting systems comply with the Companies and Allied Matters Act.
- Through the establishment of the Board Committees, making recommendations and taking decisions on issues of expenditure that may arise outside the normal meeting schedule of the full Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.
- Periodic and regular review of actual business performance relative to established objectives.
- The Board has supervisory responsibility for overall budgetary planning, major treasury planning and commercial strategies.
- The Board has responsibility for review and approval of internal controls and risk management policies and processes.

iii. **Analysis of Shareholding as at 31 December, 2020**

Range	***No. of Holders***	***Holders %***	***Holders Cumm***	***Units***	***Units %***	***Units Cum.***
1 - 1,000	1,430	63.92%	1,430	728,843	1.62%	728.843
1,001 – 5,000	651	29.10%	2,081	1,354,389	3.01%	2,083,232
5,001 – 10,000	62	2.79%	2,143	453,507	0.96%	2,536,739
10,001- 50,000	62	2.77%	2,205	1,230,697	2.74%	3,746,936
50,001 – 100,000	11	0.49%	2,216	750,345	1.67%	4,497,281
100,001 - 500,000	15	0.67%	2,231	3,349,980	7.45%	7,847,261
500,001 -1,000,000	1	0.04%	2,252	675,000	1.50%	8,522,261
1,000,001- **ABOVE**	5	0.22%	2,237	36,457,239	81.05%	45,000,000
Grand Total	**2,237**	**100.00%**		**45,000,000**	**100%**	
	====	=======		========	=====	

iv. **Record of Directors' Attendance**

In accordance with Section 258 (2) of the Companies and Allied Matters Act, the record of Directors' attendance and meetings during the year 2020 is available for inspection at the Annual General Meeting.

The meetings of the Board were presided over by the Chairman and the Board met three (3) times during year, written notices of the Board meetings, along with the agenda, were circulated at least, seven days before the meetings. The minutes of the meetings are appropriately recorded, circulated and pasted in the minutes' book of the Company. In view of the size of the Company as reflected in the numbers of its staff which was three

(3) in the year under review, the Company did not operate more than two Committees viz:

v. **Investments' Committee**

The Committee is made up of two members namely:

1. Ademola A. Aderonmu - Chairman
2. Akin Laoye - Member

The committee has oversight responsibility for operational/strategies development and implementation, review of equipment needs and acquisition, new business concern review and implementation. It also reviews and decides on how and when to make investments in the Company.

vi. **Audit Committee:**

The Committee comprises of four members namely:

Baale Ogunnowo S. Olutayo - Chairman
Olufemi Oduyemi - Member
Ademola A. Aderonmu - Member (ceased w.e.f 27/8/2020)
Akin Laoye - Member
Ade Adeniji Member (appointed w.e.f 27/8/2020)

In accordance with Section 404 (6) of the Companies and Allied Matters Act, the above members and Directors were elected and nominated pursuant to Section 404 (4) of the said Act. The meetings of the committee were held two (2) times during the year. The functions of the committee are laid down in Section 404 (7) of the Companies and Allied Matters Act.

Attendance at meetings during the year ended 31 December, 2020

Directors/members	**Full Board meeting**	**Investment committee**	**Audit committee**
Total number of meetings	**3**	**2**	**2**
High Chief (Sir) S. O. Oguntimehin, OON	2	N/A	N/A
Ademola A. Aderonmu	3	2	1
Akin Laoye	2	2	2
Dr. M. O. Ajaja	3	N/A	N/A
Mr. Ade Adeniji	3	N/A	1

Note: ***N/A means not applicable***

vii. **Management Team**

The day-to-day management of the business is the responsibility of the Manager under the close supervision of the two Investments Committee members.

viii. **Donations and Charitable Gifts:**

Although the Company did not make any donation or contribution to any charitable organisations during the year, it is part of the policy of the Company to make such donation(s) as and when necessary.

ix. **Complaint Management:**

This policy implements the Securities and Exchange Commission (SEC) Rules relating to the Complaints Management Framework of the Nigerian Capital Market which requires every listed Company to establish a clearly defined Complaints Management Policy to handle and resolve complaints within the purview of the Framework.

- **Commitment:**
The Management of the Company is committed to ensuring that complaints are dealt with in responsive, efficient, effective, fair and economical way. A senior officer is responsible for the operation of the system and the achievement of outcomes. The Company acknowledges the right of the public and its staff to complain when dissatisfied with a service and encourages feedback from customers, clients, staff and the public generally wants staff to be ‘complaint friendly and not defensive or negative about feedback and recognizes that if properly handled and analyzed, complaints and feedback held the Company to improve its business processes, and therefore, time spent on handling complaints is an investment in better service to the public.

Securities Trading Policy:

Insider trading and dealing in Company’s shares:

The Board has approved a Securities Trading Policy which set out the guidelines on the purchase and sale of securities by Directors, employees and associates. The policy is to assist all Directors and employees to understand the restrictions placed on them as insiders of the Company with respect to their securities transactions and to avoid the conduct referred to as “insider trading” any period as may be specified by the Company or the Exchange from time to time.

Also, Directors and employees and other insiders wishing to buy, sell or deal in the Company’s securities must obtain approval from the Chairman through the Company Secretary prior to any dealing in the Company’s securities. Request for approval must state the volume of securities to be purchased and sold.

ORDINARY SHARES OF 50 KOBO EACH

Share Capital History

Authorised share capital			Issued and fully paid			
Date	**Shares**	**Value (₦)**	**Shares**	**Increase**	**Cumu.**	**Value (₦)**
Brought forward after listing in 1992:						
1992	15,000,000	7,500,000	5,000,000	5,000,000	2,500,000	b/fwd
1993	15,000,000	7,500,000	10,000,000	15,000,000	7,700,000	Rights Issue
The shares remained at the same level from 1993 to 1996						
1997	30,000,000	15,000,000	3,000,000	18,000,000	9,000,000	bonus Issue
The shares remained at the same level from 1997 to 1999						
2000	50,000,000	25,000,000	18,000,000	36,000,000	16,750,000	Rights Issue
2011	50,000,000	25,000,000	9,000,000	45,000,000	22,500,000	Bonus Issue

The Shareholdings remains at the same level since 2011 till 2019
Analysis of Shareholding as at 31 December, 2019

15. **Independent Auditors**

Messrs. Bakertilly Nigeria (Chartered Accountants) have indicated their willingness to continue as auditors in accordance with Section 401 (2) of the Companies and Allied Matters Act. A resolution will be proposed to authorise the directors to fix their remuneration.

By order of the Board

………………..…………
Alpha-Genasec Limited
Company Secretaries
FRC/2014/ICSAN/00000008037

Lagos, Nigeria

29 March, 2021

SMART PRODUCTS NIGERIA PLC

Statement of Directors' Responsibility for the Financial Statements

The Directors accept responsibility for the preparation and fair presentation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirements of the Companies and Allied Matters Act and Banks and Other Financial Institutions Act. This responsibility includes: designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.

The Directors have made assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not remain a going concern entity in the years ahead.

………………………………

Mr. Abiola A. Aderonmu
Ag. Chairman
FRC/2014/NIM/000000007253

29 March, 2021

…………………………………..

Mr. Ade Adeniji
Director
FRC/2014/ICAN/00000000

29 March, 2021

SMART PRODUCTS NIGERIA PLC

Certification of 'No misstatements and adequate internal Control System'

The Managing Director and the Chief Financial Officer accept the responsibilities for the preparation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirements of the Companies and Allied Matters Act. These responsibilities include designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Managing Director and the Chief Financial Officer further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.

…………………………………	……………………………………..
Mr. Abiola A. Aderonmu	**Mr. Amin A. Amzat**
Ag. Chairman	**Chief Finance Officer**
FRC/2014/NIM/000000007253	**FRC/2014/ICAN/000000006914**
29 March, 2021	**29 March, 2021**

BAKERTILLY
NIGERIA
Chartered Accountants
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376, Ikorodu Road, Maryland,
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Lagos,
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Tel: +234 (1) 774 4873
+234 (0) 802 310 6422
E-mail: btnlag@bakertillynigeria.com
Website: www.bakertillynigeria.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
SMART PRODUCTS NIGERIA PLC

Report on the Audit of the Financial Statements

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Smart Products Nigeria Plc as at 31 December, 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Directors for the Financial Statements
The Directors are responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both Financial Reporting Council of Nigeria Act, No. 6 of 2011, the Companies and Allied Matters Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

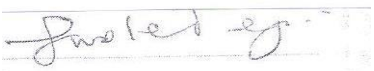
Auditors' Responsibilities for the Audit of the Financial Statements
Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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. In making those risk assessments, the auditor considers internal control 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 the 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 opinion.

Report on Other Legal and Regulatory Requirements
The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) proper books of accounts have been kept by the Company; and
iii) the Company's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of accounts.



....
Oluwole O. Ogundeji
FRC/2013/ICAN/00000002825
For: Bakertilly Nigeria
(Chartered Accountants)

Lagos, Nigeria
30 March, 2021

SMART PRODUCTS NIGERIA PLC

AUDIT COMMITTEE REPORT

To the shareholders

We, the Audit Committee members of Smart Products Nigeria Plc in accordance with the provision of Section 404 (6) of the Companies and Allied Matters Act, have carried out the following statutory functions:-

a. Confirmed that the accounting and reporting policies of the company are in accordance with the legal requirements and agreed ethical practices;

b. Reviewed the scope and plan of the audit for the year ended 31 December, 2020; and

c. Reviewed the external and internal auditors' recommendations on accounting procedures and internal controls and management's responses thereon.

In our opinion, the scope and planning of the audit for the year ended 31 December, 2020 were adequate and management's responses to the Auditors' findings were satisfactory.

(CHAIRMAN)

Members of the committee

1.	Baale Ogunnowo S. Olutayo	- Chairman
2	Olufemi Oduyemi	- Member
3	Ademola A. Aderonmu	- Member (ceased w.e.f 27/8/2020
4	Akin Laoye	- Member
5	Ade Adeniji	- Member (appointed w.e.f 27/8/2020)

Dated this day: 29 March, 2021

SMART PRODUCTS NIGERIA PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2020

Assets:		**2020**	**2019**
Non-current:	**Note**	**₦**	**₦**
Property, plant and equipment	9	500,030	1,000,030
Investment property	10	121,493,857	113,041,140
Available for sale financial assets	11.1	417,545	369,258
Deferred tax asset	7.3	-	276,672
		122,411,432	**114,687,100**
Current:			
Loans and receivables	12	51,621,622	54,801,780
Cash and cash equivalents	13	587,828	222,416
		52,209,450	**55,024,196**
Total assets		**174,620,882**	**169,711,296**
Non Current liabilities			
Deferred tax liability	7.3	768,319	-
Current:			
Trade and other payables	14.1	29,803,565	29,297,000
Deferred income	15	10,200,097	10,708,807
Current tax payable	7.2	41,200,640	39,942,040
		81,204,302	79,947,847
Total liabilities		81,972,621	79,947,847
Equity			
Issued share capital	16	22,500,000	22,500,000
Share premium	17	1,151,920	1,151,920
Asset revaluation reserve	18	81,018,020	81,018,020
Retained earnings	19	(12,021,679)	(14,906,491)
Equity attributable to owners		92,648,261	89,763,449
Total liabilities and equity		**174,620,882**	**169,711,296**

The financial statements were approved by the Board of Directors on 29 March, 2021 and signed on its behalf by:

....	....	…………………………..…
Mr. Abiola A. Aderonmu	**Mr. Ade Adeniji**	**Mr. Amin A. Amzat**
Ag. Chairman	**Director**	**Chie Finance Officer**
FRC/2014/NIM/00000007253	**FRC/2014/ICAN/0000000**	**FRC/2014/ICAN/00000006914**

SMART PRODUCTS NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2020

	Note	2020 ₦	2019 ₦
Revenue	3	44,370,193	45,394,002
Other income	4	5,057,281	4,447,644
Total revenue		49,427,474	49,841,646
Personnel expenses	5	(7,191,318)	(7,768,721)
Other operating expenses	6	(18,363,775)	(17,375,930)
Depreciation	9 & 10	(3,996,184)	(3,927,546)
Specific impairment allowance	6.1	(10,187,794)	(12,780,181)
Profit before tax		9,688,403	7,989,268
Income tax expenses	7.1	(1,258,600)	(1,367,878)
Deferred tax expenses	7.3	(1,044,991)	(1,190,246)
Profit after tax	19	7,384,812	5,431,144
Other comprehensive income		-	
Total comprehensive income for the year		7,384,812 =======	5,431,144 =======
Earnings per share			
Basic profit for the year attributable to Ordinary equity holders (in kobo)	8	16 ===	12 ===

The accounting policies and notes on pages 19 to 40 form an integral part of these financial statement

SMART PRODUCTS NIGERIA PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2020

	Issued share Capital ₦	Share Premium ₦	Asset Revaluation ₦	Retained Earnings ₦	Total Equity ₦
Balance as 1 January, 2020	22,500,000	1,151,920	81,018,020	(14,906,491)	89,763,449
Statement of comprehensive income	-	-	-	7,384,812	7,384,812
Dividend paid/declared	-	-	-	(4,500,000)	(4,500,000)
Balance at 31 December, 2020	22,500,000	1,151,920	81,018,020	(12,021,679)	92,648,261
	========	=======	========	=========	========
Balance at 1 January, 2019	22,500,000	1,151,920	81,018,020	(13,587,635)	91,082,305
Statement of comprehensive income	-	-	-	5,431,144	5,431,144
Dividend paid/declared	-	-	-	(6,750,000)	(6,750,000)
Balance at 31 December, 2019	22,500,000	1,151,920	81,018,020	(14,906,491)	89,763,449
	========	=======	========	=========	=========

The accounting policies and notes on pages 19 to 40 form an integral part of these financial statements

SMART PRODUCTS NIGERIA PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2020

	Note	2020 ₦	2019 ₦
Cash flow from operating activities			
Operating profit before working capital changes	23.i	13,732,874	12,073,548
Working capital changes	23.ii	2,181,438	3,577,848
Tax paid	7.2	-	-
Net cash inflow from operating activities		**15,914,512**	**15,651,396**
Investing activities			
Purchase of Property, Plant and Equipment	9	-	-
Additional improvement on investment property	10	(11,948,900)	(8,881,210)
Net cash out flow from investing activities		**(11,948,900)**	**(8,881,210)**
Financing activities			
Dividend paid/declared		(3,600,000)	(6,750,000)
Net cash flow from investing activities		**(3,600,000)**	**(6,750,000)**
Net increase in cash and cash equivalents		365,412	20,186
Cash and cash equivalents at 1 January		222,416	202,230
Cash and cash equivalents at 31 December	13	**587,828**	**222,416**

The accounting policies and notes on pages 19 to 40 form an integral part of these financial statements

SMART PRODUCTS NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. **Corporate information**

The company, Smart Product Nigeria Plc (formerly Associated Press Limited) was incorporated on 11 January 1966 as a limited liability company and commenced business as a legal entity immediately. It was converted to a public limited liability company in 1991. The registered office is located at 373, Agege Motor Road, Challenge, Mushin, Lagos. The principal activity of the company is the management and administration of the company's properties and investments from where it derives income.

The financial statements for the year ended 31 December, 2020 were authorised for issue in accordance with the resolution of the directors on 29 March, 2021.

2. **Accounting policies**

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

2.1 **Basis of preparation**

The financial statements have been prepared on an historical cost basis, except for those available-for-sale financial assets that have been measured at fair value. The financial statements values are presented in the Nigerian Naira (₦), which is the Company's presentation currency, unless otherwise indicated.

2.1.1 ***Statement of compliance***

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

The Company presents its statement of financial position with necessary analysis of the items presented in the respective notes. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) form an integral part of each of the notes where applicable.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the assets and settled the liability simultaneously.

2.2 Summary of significant accounting policies

The following are the significant accounting policies adopted by the Company in preparing of its financial statements:

2.2.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). The cost of property, plant and equipment includes expenditure incurred during construction, delivery and modification. Other subsequent expenditure is capitalised only when it increases the future economic benefits associated with the asset to which it relates. Where a substantial period of time is required to bring the asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset. Depreciation is provided on straight line basis to allocate the cost/revalued amounts less their residual values over the estimated useful lives of the various classes of assets.

The principal rates used are:

Plant and machinery	10 years
Motor vehicles	4 years
Furniture, fixtures and equipment	10 years
Generator	3 years

Depreciation is charged based on usage in the year of purchase.

The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

Impairment review is carried out when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.2.2 Investment properties

Leasehold property

The company has opted to use the carrying cost of its investment property as deemed cost upon transition to IFRS and subsequently measure it using the cost model.

Investment properties (including borrowing cost attributable to their construction, acquisition and production) are capitalised and are initially measured at cost;

Subsequently, they are amortised over the remaining leasehold life of the lease agreement (less any accumulated impairment losses). The company however discloses the fair value of its investment properties as at the end of the financial period in compliance with paragraph 79 of IAS 40. The fair value is determined every three years by external independent valuers who are registered with the Financial Reporting Council (FRC) of Nigeria. Increase in their carrying amount are credited to revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same properties are charged against revaluation reserve while, all other decreases are charged to the income statement. Revaluation surplus on disposed properties are written back to income in line with the provisions of IAS 40. The company's investment property is amortised over the remaining life of the lease agreement. The lease expires by 2052.

2.2.3 ***Intangible assets***

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Capitalization of expenditure ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

Depreciable amount is allocated on a systematic basis over its useful life using the straight line basis in which charges for each period are recognised in the profit or loss. Direct computer software development costs recognised as intangible assets are amortised on a straight line basis over four years and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of the asset is reviewed at each financial year end. If the expected useful life is different from the previous estimates, the amortisation period will change. And if there is a change due to the expected pattern of consumption of the future economic benefits embodied in the asset, the amortisation period will be changed to reflect the pattern which will be accounted for as a change in accounting estimate. However, the company did not have any intangible asset as at 31 December, 2020.

2.2.4 **Taxation**

a) ***Current income tax***

Current income tax liabilities and assets for the current and prior periods is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method.

Deferred tax assets are recorded only to the extent that it is probable that taxable profit will be available against which the deferred tax asset will be realized or if it can be offset against existing deferred tax liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting period. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.2.5 Employee’s retirement benefits

Defined contribution

The Company operates a funded defined contributory scheme with some Pension Fund Administrators. This is in compliance with the provisions of the Pension Reform Act, 2004 whereby employer and employees contribute minimum of 10% and 8% respectively of the employees’ eligible emoluments. Staff contributions to the scheme are funded through payroll deductions, while the Company’s contribution is charged to the income statement.

When an employee has rendered service to an entity during a period, the company recognises the contribution payable to a defined contribution plan in exchange for that service (a) as a liability (accrued expenses), after deducting any contribution already paid, (b) as an expense.

2.2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration

received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognised for each of the two major income sources available to the company as follows:-

Rental income

This income is generated from rent paid by tenants on the company's property and is being recognised on time basis. Rent received for the period is recognised in the income statement as turnover for the period while amount relating to the period yet to expire is deferred and recognised as payable in the statements of financial position.

Investment income

Investment income is generated through dividend from equity investment. This income is recognised in the statement of comprehensive income as income when the company's right to receive the payment is established.

2.2.7 **Financial Instruments**

i) ***Financial assets***

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate.

The company's financial assets include cash and short-term deposits, fixed deposits, loans and other receivables, quoted equity investment. The company recognises three classes of financial assets:

a) Available for sale financial investments
b) Held to maturity investment
c) Loans and receivables

All financial assets are recognised initially at fair value plus transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Available for sale financial investments
Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised in the available-for-

sale reserve through other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the income statement.

Investments in unquoted equity instruments that do not have an active market and whose fair value cannot be reliably measured and or derivatives that is linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the Effective Interest Rate (EIR). Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Held –to- maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment.

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 EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Included in this classification are Investments in Treasury bills and Bonds issued by federal government and state government. However, the company did not have any held -to -maturity investments as at 31 December, 2020.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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 EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Included in this classification are personal loans, car loan and mortgage loan given to employees.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The right to receive cash flows from the asset have expired; and

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

ii) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

Available for sale financial investments
For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

A threshold of 20% is applied consistently to conclude whether or not the decline in fair value is significant.

iii) ***Financial liabilities***

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at

amortised cost, this includes directly attributable transaction costs. The company's financial liabilities include trade and other payables.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the

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

iv) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

v) ***Fair value of financial instruments***

The fair value of financial instruments that are traded in active markets are determined at each reporting date by reference to quoted market prices or dealer price quotations.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

2.2.8 **Cash and cash equivalent**

Cash and cash equivalent in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts (if any).

2.2.9 **Provision**

A provision is recognised if as a result of past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Amounts are recorded based on management's best estimate of the amount needed to settle the obligation, which includes, among other things, management's experience in similar transactions.

Where the effect of the time value of money is significant, the provision is discounted at a rate that reflects the estimated timing of payment, if the timing can be reasonably determined, as well as the risk associated with the liability.

2.2.10 **Leasing**

(i) Finance Lease

A lease arrangement under which substantially all the risks and rewards incidental to ownership of the leased item rest with the lease are capitalised at the inception of the lease at the lower of the fair value of the related item or the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed to the income statement.

Capitalised leased assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

(ii) Operating Lease

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are charged on a straight-line basis over the lease term.

- ***IFRS 9: Financial Instruments***

  IFRS 9 as issued reflects the IASB's work on the replacement of IAS 39: *Financial Instruments – Recognition and Measurements* and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard introduces a 'fair value through other comprehensive income' category for certain debt instruments. It also introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The adoption of IFRS 9 will have an effect on the classification and measurement of the company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The standard is effective for annual periods beginning on or after 1 January, 2018.

		2020	2019
3.	**Turnover**	**₦**	**₦**
	Rental income	44,370,193	45,394,002
	Dividend received	-	-
		44,370,193	45,394,002
		==========	==========
4.	**Other income**		
	Service charge reimbursement	2,380,000	2,660,000
	Provision no longer required	5,360	-
	Other income	737,577	-
	Interest on commercial paper	1,934,344	1,787,644
		5,057,281	4,447,644
		=========	=========

		2020	2019
5.	**Personnel expenses**	**₦**	**₦**
	Pension contributions	535,248	535,248

	Staff welfare	140,000	140,000
	Directors fees and allowances	2,600,000	2,550,000
	Salaries and wages	3,916,070	4,543,473
		7,191,318	7,768,721
		=========	=========
6.	**Other operating expenses**		
	Legal fee	300,000	3,145,523
	Registrars'fee	1,548,150	972,987
	Security service	1,967,375	1,883,750
	Vehicle running and maintenance	2,463,200	1,557,500
	Generator running expenses	1,457,190	1,468,150
	Annual general meeting	1,332,860	1,177,580
	Repairs and maintenance	2,217,060	1,118,350
	Transport/travelling	2,041,950	1,048,600
	Other professional fees	820,000	850,000
	Audit fee	750,000	750,000
	Waste disposal/cleaning	720,000	700,000
	Land use charge	383,761	721,898
	Listing and filing fees	225,191	485,299
	Audit committee meetings	785,000	360,000
	Insurance – building	279,443	279,443
	Financial Reporting Council dues	200,000	200,000
	Telephone and internet	229,480	192,000
	Electricity	508,093	155,130
	Loss on financial assets available for sale	-	156,734
	Entertainment/refreshment	63,800	75,590
	Bank charges	41,972	66,346
	Printing and stationaries	29,250	11,050
		18,363,775	17,375,930
		===========	===========
6.1	**Allowance**		
	Impairment allowance (cash)	-	5,360
	Impairment allowance (rent)	10,084,806	9,866,195
	Impairment allowance (other receivables)	102,988	2,908,626
		10,187,794	12,780,181
		===========	===========

The allowance for impairment represents the expected credit loss (ECL) computation on financial assets

7. Income tax expense

		2020	2019
7.1	***Statement of comprehensive income***	₦	₦
	Based on the profit for the year	984,908	1,122,137
	Education tax	273,692	243,471
	Police trust fund levy	-	2,270
		1,258,600	1,367,878
	Deferred tax movement (note 7.3)	768,319	276,672

The Police Trust Fund Development Levy represents the contribution of the company to the development of the police force. This is in compliance with Nigeria Police Trust Fund Act passed by the National Assembly in April 1, 2019 and signed into law by the President on 24 June, 2019: the levy represents 0.005 of profit after company income tax of the company.

7.2	**Statement of financial position**		
	Income tax		
	Balance at 1 January	39,942,040	38,574,162
	Statements of comprehensive income	1,258,600	1,367,878
		41,200,640	39,942,040
	Payments during the year	-	-
	At 31 December	41,200,640	39,942,040

7.3	**Deferred tax liability/(asset)**		
	At 1 January	(276,672)	1,466,918
	Movement during the year	1,044,991	(1,190,246)
	At 31 December	768,319	(276,672)

7.4 The company income tax was based on the provision of the Company Income Tax Act (Cap. 60 LFN 1993) and the education tax Act 1993 as amended to date. The income tax expense for the year ended can be reconciled to the accounting profit.

Profit before tax from continuing operations	9,688,403	7,989,268
Expected tax base on statutory rate of 22% / 32%	2,131,449	2,556,566
Effect of disallowed expenses	879,160	1,322,970
Effect of capital allowance	(1,752,009)	(2,511,658)
Income tax expense recognised in income statements	1,258,600	1,367,878
Effective tax rate	13%	17%

8. **Earnings per share**

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic earnings per share computations.

	2020	2019
Net profit attributable to ordinary shareholders	₦	₦
for basic earnings	7,384,812	5,431,144
Weighted average number of ordinary shares	45,000,000	45,000,000
Basic earnings per ordinary share (in kobo)	16	12
	========	========

9. **Property, plant and equipments**

	Furniture Fixtures & Equipment	Motor Vehicles	Generator	Total
Cost valuation	₦	₦	₦	₦
As at 1 January, 2020	5,703,994	4,027,000	5,499,050	15,230,044
Additions	-	-	-	-
As at 31 December, 2020	5,703,994	4,027,000	5,499,050	15,230,044
	=======	=======	=======	========
As at 1 January, 2020	5,703,984	3,026,990	5,499,040	14,230,014
Charge for the year	-	500,000	-	500,000
As at 31 December, 2020	5,703,984	3,526,990	5,499,040	14,730,014
	=======	=======	=======	========
Net book value				
At 31 December, 2020	10	500,010	10	500,030
	===	======	===	======
At 31 December, 2019	10	1,000,010	10	1,000,030
	===	=======	===	=======

		2020	2019
10.	**Investment property-Leasehold building**	₦	₦
	As at 1 January, 2020	156,074,853	147,193,643
	Additions during the year	11,948,900	8,881,210
	As at 31 December, 2020	168,023,753	156,074,853
		=========	=========
	Amortisation		
	As at 1 January, 2020	43,033,713	39,786,159
	Charge during the year	3,496,184	3,247,554
	As at 31 December, 2020	46,529,897	43,033,713
		========	========
	NBV as at 31 December	121,493,857	113,041,140
		=========	=========

The leasehold investment property is located at KM12, Agege Motor Road, Mushin, Lagos and is being amortised over the remaining term of the lease. The lease term will expire in 2052.

		2020	2019
11.	**Financial assets**	₦	₦
	Available for sale financial assets (11.1)	417,545	369,258
	Loans and other receivables (12)	51,621,622	54,801,780
		52,039,167	55,171,038
		========	========
11.1	***Available for sale financial assets***		
	Listed securities		
	First Bank of Nigeria Plc	312,543	404,019
	PZ	14,972	32,065
	Ecobank Nigeria Limited	41,743	89,908
	Total available for sale financial asset	369,258	525,992
		======	======
	Impairment allowance		
	Impairment charge for the year	-	(156,734)
	Appreciation	48,287	-
		48,287	(156,734)
		---------	-----------
	At 31 December	417,545	369,258
		======	======

11.2 ***Available for sale financial assets***

The fair value of the quoted equity shares is determined by reference to published price on the Nigeria Stock Exchange.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Based on these criteria, the Company identified an appreciation of ₦48,287 on available-for-sale investment quoted equity securities, which is recognised within other operating income in the income statement.

Determination of fair value and fair values hierarchy

The Company used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

➢ Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company.

Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

11.3 **Financial asset mandatorily measure at FVTPL**

Equity securities	**Level 1₦**	**Total fair Value ₦**
31 December, 2020	369,258	417,545
	======	======
31 December, 2019	610,980	369,258
	======	======

		2020	2019
		₦	₦
12.	Rent receivable (12.1)	39,044,342	38,887,815
	Other receivable **(**12.2)	12,577,280	15,913,965
		51,621,622	54,801,780
		========	========
12.1	**Rent receivable**		
	Ace cladding	62,570,562	52,570,562
	Dotrabik	100,000	-
	EHFC	100,000	116,667
	Swiss colour	500,000	342,000
		63,270,562	53,029,229
	Expected credit loss allowance	(24,226,220)	(14,141,414)
		39,044,342	38,887,815
		========	========
12.2	**Other receivable**		
	Sundry debtors	15,588,894	18,822,591
	Expect credit loss allowance	(3,011,614)	(2,908,626)
		12,577,280	15,913,965
		==========	==========
13.	**Cash and cash equivalents – current**		
	Bank balance (Note 13.1)	500,950	222,416
	Petty cash	86,878	-
		587,828	222,416
		=======	=======
13.1	Sterling bank	6,042	4,415
	Access Bank	494,908	223,361
		500,950	227,776
	Expected credit loss allowance	-	(5,360)
		500,950	222,416
		=========	=========
14.	**Financial liability**		
14.1	***Trade and other payables- current***		
	Dividend payable (Smurfit overseas)	14,112,000	13,212,000
	Statutory deductions	2,862,850	2,986,285
	Unclaimed dividend	3,395,435	3,395,435
	Other payables	9,433,280	9,703,280
		29,803,565	29,297,000
		========	========
15.	**Deferred income**	10,200,097	10,708,807
		========	========
	Current	10,200,097	10,708,807
	Non-current	-	-
		10,200,097	10,708,807
		========	========

Deferred income represents prepaid rent by tenants of the company's leasehold investment property.

		2020	2019
16.	**Share capital**	**₦**	**₦**
	Authorised		
	50,000,000 ordinary shares of ₦0.50 each	25,000,000	25,000,000
		========	========
	Issued and fully paid		
	45,000,000 ordinary shares of ₦0.50 each	22,500,000	22,500,000
		========	========
17.	**Share premium**		
	At 31 December	1,151,920	1,151,920
		=======	=======
18.	**Asset revaluation reserve**		
	At 1 January	81,018,020	81,018,020
	Transfer from statement of other Comprehensive income	-	-
		81,018,020	81,018,020
		========	========
19.	**Retained earnings**		
	At 1 January	(14,906,491)	(13,587,635)
	Profit for the year	7,384,812	5,431,144
	Dividend paid	(3,600,000)	(5,400,000)
	Dividend declared unpaid	(900,000)	(1,350,000)
		(12,021,679)	(14,906,491)
		=========	=========

19.1 In respect of the current year, the directors propose that a dividend of 10 kobo per ordinary share will be paid to the shareholders. The dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Dividend to shareholders is now accounted for on the date of declaration as they do not meet the criteria of present obligation in accordance with the International Accounting Standards. The shareholders whose names appear on the register of members as at closure date. The total estimated dividend to be paid is ₦4.5 million

20. **Related party disclosures**

Transactions with related parties

The Company did not enter into any transactions with its fellow related entities and other key management personnel in the normal course of business during the year.

1. **Compensation of key management personnel**

Key management personnel of the Company includes all directors, executive and non–executive, and senior management. The summary of compensation of key management personnel for the year is, as follows:

	2020	2019
	₦	₦
Other allowance	1,250,000	1,200,000
Fee	1,350,000	1,350,000
Total compensation of key management personnel	2,600,000	2,550,000
	=======	=======
Chairman	350,000	350,000
	======	======

2. The number of Directors excluding the chairman who received fees and other emoluments in the following ranges:

	2020	2019
₦	Number	Number
150,000	-	-
250,000 and above	4	4
	=====	=====

21. **Information relating to Employees**

(i) The average number of persons employed by the company during the financial year was as follows:

	2020	2019
	Number	Number
Administration	3	3
	====	====

(ii) Number of employees excluding Directors in respect of emoluments excluding allowances within the following ranges were:

	2020	2019
₦	Number	Number
100,000 – 500,000	1	1
500,001 – 1,000,000	1	1
Above 1,000,000	1	1
	3	3
	====	=====

22. **Risk management policies**

(a) **Governance framework**

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

Risk management structure

The company's Investment Committee is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund. The principle that guides the management on risk are:

1. **Effective balancing of risk and reward** by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive and detective controls.

2. **Shared responsibility for risk management** as business segments are responsible for active management of their risks, with direction and oversight provided by company Risk Management and other corporate support groups.

3. **Business decisions are based on an understanding of risk** as we perform rigorous assessment of risks in relationships, products, transactions and other business activities.

4. **Avoid activities that are not consistent with our Values**, Code of Conduct or Policies, which contributes to the protection of our reputation.

5. **Proper focus on clients reduces our risk**s by knowing our clients and ensuring that the services we provide are suitable for and understood by our clients.

Risk mitigation

The company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The company uses instruments for trading purposes and in connection with its risk management activities.

The Investment Manager assesses the risk profile before entering into economic investment transactions. The effectiveness of investment is assessed by the Board of Directors. In situations of ineffectiveness, the Investment Manager is instructed to enter into a new investment to mitigate risk on a continuous basis, thereby restructuring or closing out the already existing investment.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and available-for-sale investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest rate instruments expose the company to fair value interest risk.

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the company's investments in equity securities, from equity securities sold. The maximum exposure to equity price risk at the reporting date is the carrying value stated below:

	2020	**2019**
Listed securities	**₦**	**₦**
First Bank of Nigeria Plc	363,362	312,543
PZ	40,138	14,972
Ecobank Plc	14,045	41,743
Total available-for-sale financial	417,545	369,258
	======	======

Credit risk

Credit risk is the risk that the company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties/tenants.

The company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The source of the company credit risk includes trade receivable, staff loans and deposits with banks.

Loans and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value stated below:

	2020	**2019**
	₦	**₦**
Sundry debtors	51,621,622	54,801,780
	========	========

Operational risks

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Contingency plans

- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

23. **Cash flow reconciliation**

i. ***Operating profit before working capital changes:***

	Note	2020 ₦	2019 ₦
Profit before tax		9,688,403	7,989,268
Adjustments for items not involving movement of cash:			
Depreciation of property, plant and equipment	9	500,000	679,992
Amortization of leasehold investment property	10	3,496,184	3,247,554
Appreciation on available for sale financial assets	11	48,287	156,734
		13,732,874	12,073,548
		========	========

ii. **Working capital changes:**

	Note	2020 ₦	2019 ₦
Increase in loans and receivables	12	2,184,583	(138,157)
Increase/ (Decrease) in trade and other payables	14	505,565	3,413,415
Increase/ (Decrease) in deferred income	15	(508,710)	302,590
		2,181,438	3,577,848
		=======	=======

24. **Events after the reporting period**

No material transactions has occurred after the reporting period requiring disclosure in or adjustment to the financial statements for the year ended 31 December, 2020.

25. **Capital commitments and contingent liabilities**

The company was involved in litigation as 2nd defendant with respect to the lease agreement with the registered trustees of Evangelical Church of West Africa (ECWA) which is the 1st defendant.

The court ruled on 21 May 2019 that:

a. The piece and parcel of land belongs to the claimants

b. The assigned portion of land in dispute which is occupied by the 2nd defendant (Smart Products) is null and void for failure of the 1st defendant to obtain the requisite consent of the claimant's family

c. The 2nd defendant is a trespasser on the claimants' family land situated at No 373 Agege Motor Road Mushin Lagos State.

The proof of consent was contingent upon the appeal being actioned however, the probable liability cannot be established as at the reporting date.

26. **Comparative Figure**

Certain prior year balances have been reclassified to conform to current year presentation format.

27. **Approval of financial statements**

The Board of Directors approved these financial statements on 29 March, 2021.

OTHER NATIONAL DISCLOSURES

SMART PRODUCTS NIGERIA PLC

STATEMENT OF VALUE ADDED

	2020 ₦	%	2019 ₦	%
Total revenue	49,427,474		49,841,646	
Bought-in-materials and services	(24,951,569)		(23,406,111)	
Value added	**24,475,905**	**100**	**26,435,535**	**100**
	=========	===	=========	===
Distribution				
Employees -				
Personnel cost	7,191,318	29	7,768,721	29
Government -				
Current taxation	1,258,600	5	1,367,878	5
In payment to providers of capital -				
Dividend to shareholders	3,600,000	15	6,750,000	26
Retained for the Future -				
Depreciation and amortization	3,996,184	16	3,927,546	15
Deferred taxation	1,044,991	4	1,190,246	4
Retained profit	7,384,812	31	5,431,144	21
Value added	**24,475,905**	**100**	**26,435,535**	**100**
	========	===	========	===

Value added is the wealth the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, shareholders, government and that re-invested for the future creation of more wealth.

SMART PRODUCTS NIGERIA PLC

FIVE-YEAR FINANCIAL SUMMARY

	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000
Total revenue	**49,427**	**49,842**	**49,580**	**43,946**	**49,816**
	=====	=====	=====	=====	=====
Profit before taxation	9,688	7,989	15,073	9,664	19,948
Taxation	(2,303)	(2,558)	(3,233)	(961)	(7,112)
Profit after taxation	**7,385**	**5,431**	**11,840**	**8,703**	**12,836**
	=====	=====	=====	=====	=====
Statement of financial position					
Investment properties	121,494	113,041	107,407	99,390	92,942
Properties, plant and equipment	500	1,000	1,680	202	1,752
Available for sale financial assets	417	369	526	611	1,363
Deferred tax asset	-	277	1,467	1,251	-
Loans and other receivables	51,622	54,802	54,664	51,273	37,750
Cash and cash equivalents	588	222	202	10,063	15,160
	174,621	**169,711**	**165,946**	**162,790**	**148,967**
Creditors, provision and charges	(81,973)	(79,948)	(74,864)	(70,407)	(72,534)
Total net assets	**92,648**	**89,763**	**91,082**	**92,383**	**76,433**
	======	======	=====	=====	=====
Share capital	22,500	22,500	22,500	22,500	22,500
Asset revaluation reserve	81,018	81,018	81,018	81,018	80,663
Share premium	1,152	1,152	1,152	1,152	1,152
Revenue reserve	(12,022)	(14,907)	(13,588)	(12,287)	(27,882)
Shareholders' fund	**92,648**	**89,763**	**91,082**	**92,383**	**76,433**
	======	======	======	======	======
Per share data (adjusted):					
Earnings (in kobo)	16	12	26	19	29
Net assets per share (in kobo)	206	199	202	205	162
	===	===	===	===	===
Dividend per share (in kobo)	10	10	7.5	15	10
	===	===	===	====	===

Note: Earnings and net assets per share are based on the number of issued ordinary shares as at 31 December, 2020