The Initiates Plc

...supporting greener production & consumption

2019 ANNUAL REPORTS & ACCOUNTS

30th July 2020

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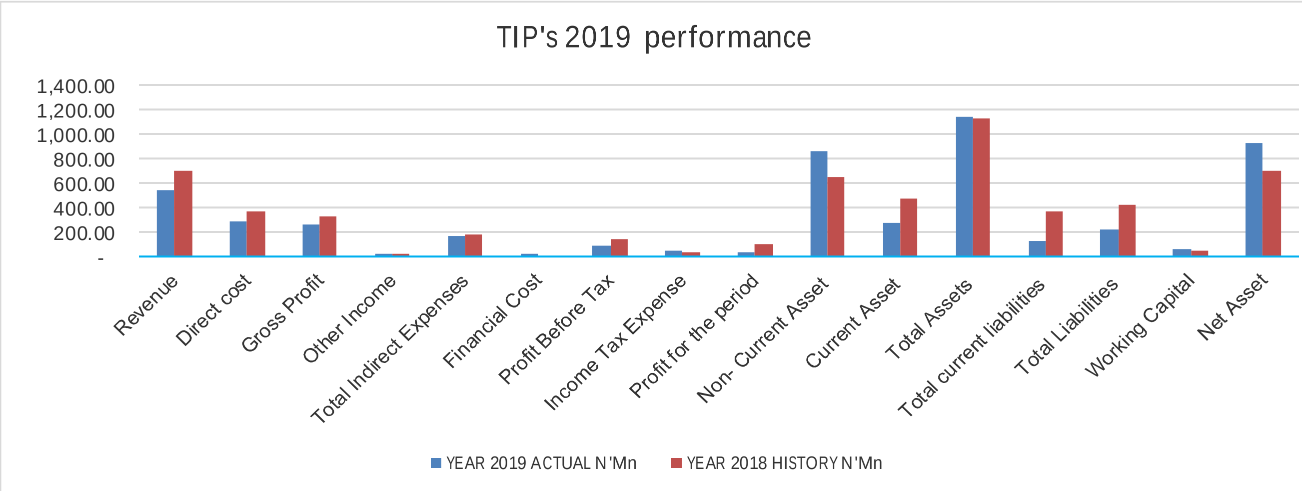
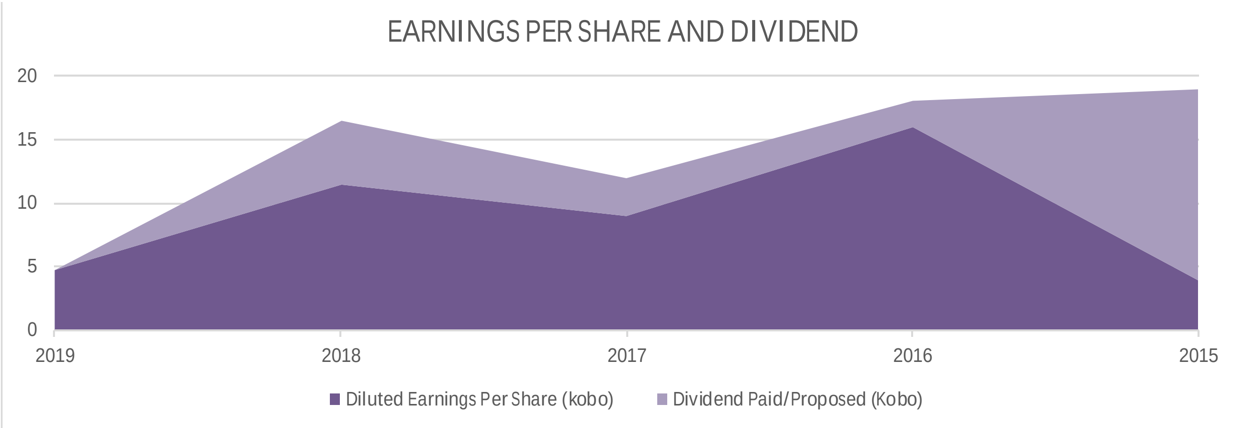
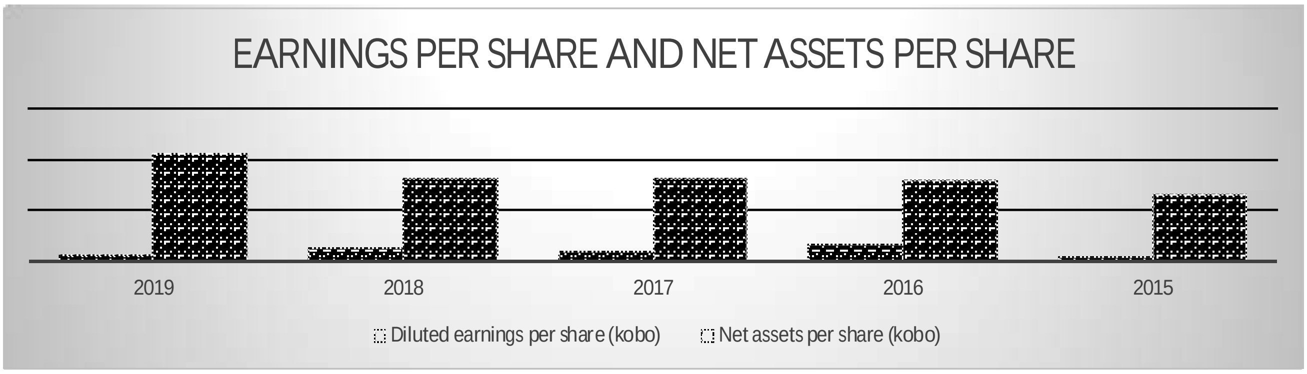
STATEMENT OF COMPREHENSIVE INCOME			
	FOR THE YEAR ENDED 31ST DECEMBER		
	2019	**2018**	**CHANGE**
	N'Mn	**N'Mn**	**%**
Revenue	550.22	700.80	(21.49)
Direct cost	285.55	371.72	(23.18)
Gross Profit	264.67	329.08	(19.57)
Other Income	30.14	22.64	33.11
Total Indirect Cost	168.84	191.50	(11.83)
Financial Cost	30.15	14.11	113.77
Profit Before Tax	95.82	146.11	(34.42)
Income Tax Expense	53.55	43.88	22.03
Profit for the period	42.27	102.23	(58.65)
STATEMENT OF FINANCIAL POSITION			
	AS AT 31ST DECEMBER		
	2019	**2018**	**CHANGE**
ASSETS	**N'Mn**	**N'Mn**	**%**
Non-Current Assets			
Property, plant and Equipment	864.21	655.83	31.77
Total Non-Current Assets			
Current Assets			
Inventories	8.06	3.71	117.45
Trade receivables	142.48	287.24	(50.40)
Cash and cash equivalents	13.42	79.06	(83.02)
Current tax assets	116.86	97.22	20.21
Other current tax assets	4.26	6.43	(33.71)
Total current Asset	285.09	473.65	(39.81)
Total Assets	1,149.30	1,129.48	1.75
Non-Current Liabilities			
Deferred tax	92.19	54.38	69.53
Current Liabilities			
Trade and Other payables	52.68	154.90	(65.99)
Provisions	13.48	36.03	(62.58)
Other current tax liabilities	17.60	20.64	(14.73)
Other current tax liabilities	43.66	34.81	25.42
Employees' benefits	2.06	0.12	1,637.87
Short term borrowings	-	120.00	(100.00)
Total current liabilities	129.48	366.51	(64.67)
Total Liabilities	221.67	420.88	(47.33)
Working Capital	63.42	52.77	20.20
Net Asset	927.63	708.60	
Key Ratios			
	2019	**2018**	**% CHANGE**
Earnings Per Share	0.05 Kobo	0.11 Kobo	(58.65)
Gross Profit Margin	48.10%	46.96%	2.44
Net Profit Margin	7.68%	14.59%	(47.34)
Net Asset Per Shares	1.04 Kobo	0.80Kobo	30.91
Return on Capital Employed	4.14%	13.40%	(69.07)
Current Ratios	2.20 x	1.29x	70.37
Net Working Capital:	0.28 x	0.15 x	84.98
Fixed Asset Turnover:	0.64 x	1.07 x	(40.42)
Receivables Turnover	7.72 x	4.88 x	58.28
Payables Turnover	17.25 x	7.27 x	137.24
Return On Equity	0.05%	0.14%	(68.42)
Return On Assets	0.48%	0.62%	(22.84)
Price Earning per Share	10.53 Kobo	4.35Kobo	141.86
	0.00%	0.17%	(100.00)

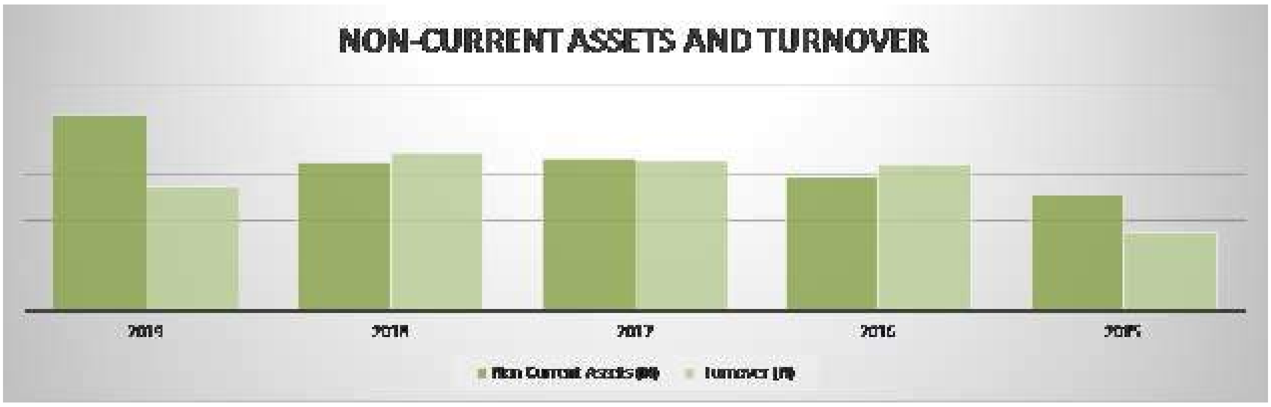


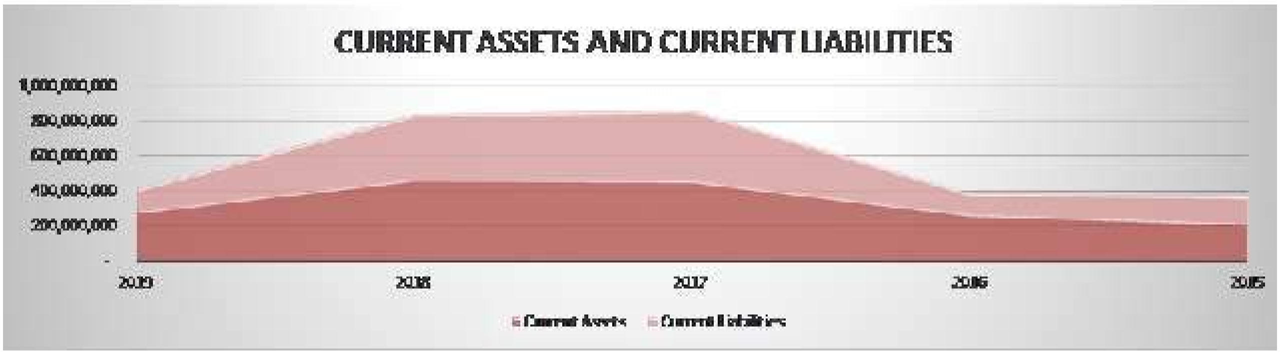
Graphical representation of TIP's 2019 performance

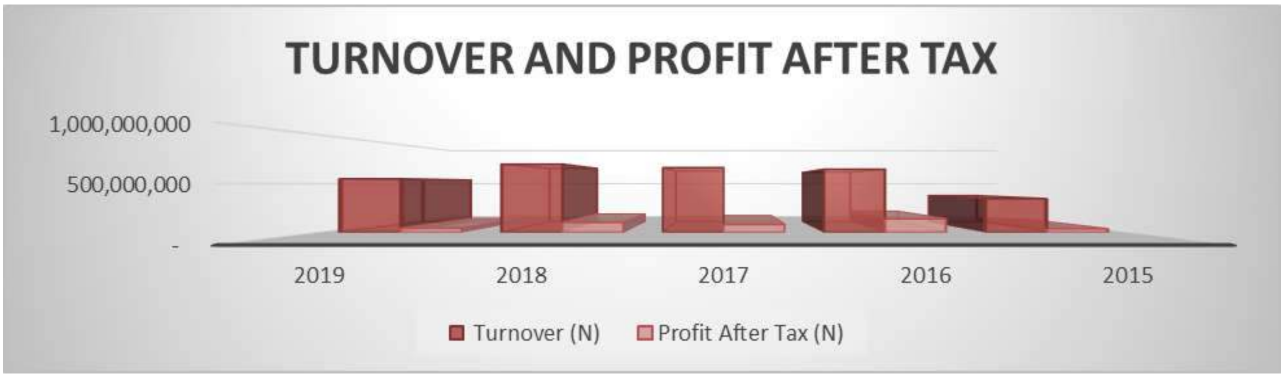
PERFORMANCE FOR FIVE YEARS

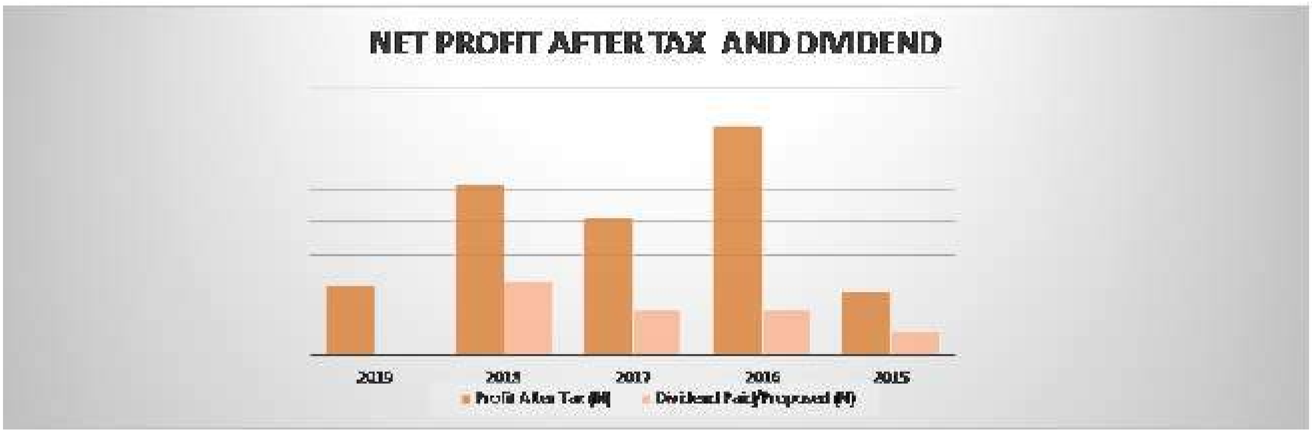





NON-CURRENT ASSETS AND TURNOVER
2019
2018
2017
2016
2015
Non Current Assets (N)
Turnover (N)


CURRENT ASSETS AND CURRENT LIABILITIES
1,000,000,000
800,000,000
600,000,000
400,000,000
200,000,000
-
2019
2018
2017
2016
2015
Current Assets
Current Liabilities


TURNOVER AND PROFIT AFTER TAX
1,000,000,000
500,000,000
-
2019
2018
2017
2016
2015
Turnover (N)
Profit After Tax (N)


NET PROFIT AFTER TAX AND DIVIDEND
2019
2018
2017
2016
2015
Profit After Tax (N)
Dividend Paid/Proposed (N)

CORPORATE PROFILE

The Initiates Plc. (TIP) is a Waste Management Company delivering professional contracting and consultancy services in Waste Management, Industrial Cleaning, and Decontamination to both Private and Public sectors including the Oil & Gas Industry. It has a multi-disciplinary and flexible workforce structure that is functional in a wide range of work environments.
It was incorporated in Nigeria as a Limited Liability Company on the 3rd day of March, 1995 and became a Public Liability Company on the 24th day of June, 2015.

OUR VISION

To be the Industry's leading provider of Waste Management & industrial cleaning services that eliminates client's exposure and protect the environment through:

- Adherence to best practises
- Consolidation of experience; and
- Improvement aimed at adding value to our client's business and public life.

OUR MISSION

To facilitate industry and man co-existence in safe environment.

OUR GOALS

- Support sustainable production and consumption through professional Waste Management services;
- Provide efficient Waste Management services through integrated facility and workforce in secured environment; and
- Adequately reward our stakeholders and maintain enduring corporate image.

OUR CORE BUSINESS VALUES

Professionalism:
- Integrity
- Expertise
- Standards & Certification

Commitment:
- To safety
- To Environmental protection
- To Quality
- To Compliance

Innovation
Solution that is efficient and simple

OUR PRODUCTS AND SERVICES

A. WASTE MANAGEMENT CONSULTANCY SERVICES

1. Waste auditing, Treatability Analysis & Management Planning
2. Site suitability Analysis for Waste Management Facility
3. Contaminated Land Investigation & Remediation Planning
4. Trans boundary Waste Movement (Off-Shore Waste Disposal)

B1. THERMAL DESORPTION SERVICES

1. Drilling Waste
2. Oily sludge
3. Oil contaminated soil

B2. DESIGN, CONSTRUCTION, & MANAGEMENT OF WASTE MANAGEMENT FACILITIES

1. Wastewater Facility
2. Material Recovery Facility
3. Thermal Desorption Unit

C. INDUSTRIAL CLEANING & DECONTAMINATION

1. Water Jetting (including Sewer, pipelines and surface cleaning)
3. Tank and Vessel Cleaning (including FPSO desludging)
4. Heat Exchanger/Chiller Cleaning

D. E-WASTE SERVICES

1. Large Household Appliances (LHA: ovens, refrigerators, etc.)
2. Small Household Appliances (SHA; toasters, vacuum cleaners),
3. Office and Communication Devices (OCD: computers, printers, scanners, phones, etc.),
4. Entertainment Electronics Devices (EED: TVs, Hifis, portable CD Players, etc.),
5. Lighting Equipment (LTE: fluorescent tubes, lamps, etc.),

E. HAZARDOUS WASTE INCINERATION SERVICES

1.Medical waste

2. Chemical waste & Hazardous waste.

DIRECTORS, PROFESSIONAL ADVISERS & CORPORATE INFORMATION

BOARD OF DIRECTORS:

1.	Mr. Joe Ogbonna Anosikeh	Chairman (appointed 23/3/15)
2.	Mr. Reuben Mustapha Ossai	Managing Director
3.	Chief Charles Oboh	Non-Executive Director (appointed 23/3/15)
4.	Prof.Edward Alikor	Non-Executive Director (appointed 23/3/15)
5.	Mr. Joseph Ebinum	Non-Executive Director (appointed 17/7/15)

MANAGEMENT TEAM:

1.	Mr. Reuben Mustapha Ossai	Managing Director
2.	Mr. Christian Ogidi	Acting General Manager, Operations
3.	Mrs.Ugochi Ukpebor	Manager, Quality, Health, Safety and Environment
4.	Mr. Vincent Nwachukwu	Manager, Waste Management Services
5.	Mr. Mavis Okonye	Manager, Support Services
6.	Mr. Felix Aigbonohan	Manager, Innovation & Opportunity
7.	Ms. Rosemary Douglas	Chief Financial Officer
8.	Mr. Bimbo Adams-Ajigbotaje	Chief Internal Auditor
9.	Mr. Preston Djebah	Manager, Cleaning and Decontamination
10.	Ms. Olaide Odejobi	Company Secretary

EXTERNAL AUDITORS:

Madu, Onyekwena & co.
(Chartered Accountants)
23/25 Birabi Street,
GRA Phase 1
P.O.BOX 12279
Port Harcourt
Nigeria.

BANKERS:

GTBank Plc. Opp. Shell RA Branch, Aba Rd, PHC
First Bank of Nigeria Plc. Garrison Branch, Aba Rd, PHC
Access (Diamond) Bank, Oyigbo Branch, Aba Rd, PHC

MEMBERS OF AUDIT COMMITTEE:

Mr. Christian Ugochukwu Nwanma	Shareholder Representative (Chairman)
Mr. Enoch Iwueze	Shareholder Representative
Prof.Edward Achinike Daniel Alikor	Director
Mr. Joseph Ebinum	Director

REGISTRARS:

Apel Capital &Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent
South-West Ikoyi.
Lagos.

REGISTERED OFFICE:

Plot 400, Location (new) road, off Aba/PH expressway, by Oyigbo Junction, Umuebule 5, Port-Harcourt, Rivers State.
wms@initiatesgroup.com, www.initiatesgroup.com, 084-669510

NOTICE OF THE 21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of Shareholders of The Initiates Plc. (TIP) shall hold on Thursday, 30th July, 2020 at the Conference room, The Initiates Plc, Plot 400, Location road, off Aba/PH Expressway, By Oyigbo Junction, Umuebule 5,Etche , Rivers State by 11:00am to transact the following: .

Ordinary Business:

A

1. To receive and consider the Audited Financial Statement as at December 31, 2019, the report of the Directors, the Audit Committee, Auditors Report therein.
2. To re-elect Directors
3. To re-appoint the Auditors
4. To authorize the Directors to fix the remuneration of Auditors.
5. To appoint/ re appoint members of the Audit Committee.

Special Business:

6. To consider and approve the remuneration of Directors

Notes:

1. Proxies:

Shareholders should kindly note that following the Government's directive restricting public gathering due to the COVID-19 pandemic, the Corporate Affairs Commission has granted approval for the AGM to hold by proxy to minimize physical contact and ensure public health and safety. Quorum for the meeting can therefore be formed either by physical attendance or by proxy.

A member entitled to attend and vote at the General Meeting is therefore entitled to appoint a proxy to attend and vote in his/her stead. The names of suggested proxies are:

a.	Joe Anosikeh	Chairman
b.	Reuben Mustapha Ossai	Managing Director
c.	Prof.Edward Alikor	Independent Director

A blank proxy form is attached to the Annual Report and also available on the Company's website at www.initiatesgroup.com and the Registrars website at www.apel.com.ng. In line with the Corporate Affairs Commission's Guidelines, shareholders are advised to send their completed proxy forms to the office of the Company Secretary, The Initiates Plc, Plot 400, Location road, off Aba/PH Expressway, By Oyigbo Junction, Umuebule 5, Etche, Rivers State not later than 27th July, 2020 to enable the Company stamp the proxy forms at the Company's expense.

2. Closure of Register of Members: The Register of Members of the Company will be closed from the 13th to the 15th day of July, 2020, both days inclusive.

3. Unclaimed Dividend: Members who are yet to claim previous dividend(s) are advised to write or call at the office of the Registrars, Apel Capital & Registrars Limited, 8, Alhaji Bashorun, Off Norman Williams Street, Ikoyi on 01-2932121, 07046126698 or email registrars@apel.com.ng, www.apel.com.ng to confirm their dividend status.

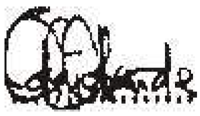
4. Right of Shareholders to ask Questions: Shareholders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting and such questions must be submitted to the Company Secretary a week before the General Meeting.

5. Audit Committee Members: *In accordance with Section 359(5) of the Companies and Allied Matters Act, any shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the office of the Company Secretary, situated at Plot 400, Location (new) road, off Aba/PH Expressway, by Oyigbo Junction, Umuebule 5, P.O.BOX 7242, Port Harcourt, Rivers State at least 21 days before the Annual General Meeting.*

6. Live Streaming of the AGM: The AGM will be streamed live online. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live streaming will be made available on the Company's website at www.initiatesgroup.com

7. The 2019 Annual Report and Accounts of the Company shall be made available on the Company's website; www.initiatesgroup.com

Dated this 16th day of April 2020



Company Secretary

By Order of the Board

FRC/2017/NBA/00000016739

CHAIRMAN'S STATEMENT

Dear Shareholders, I am delighted to welcome you all to the 21st Annual General Meeting of our esteemed Company as well as present to you the financial statements and reports for the financial year ended December 31st 2019. In light of the global pandemic of COVID 19, kindly note that the Company encourages us to continue adhering to the directives of the Nigeria Center for Disease Control (NCDC) by maintaining good hygiene and practice social distancing as we collectively help in fighting Corona virus (COVID 19). On this note, permit me however, to review the global and domestic environment with respect to critical factors that impacted on the operations of the Company during the financial year under review.

REVIEW OF THE GLOBAL ECONOMY:

The Global waste management industry is expected to grow at a compound annual growth rate (CAGR) of 6% with an expectation of overall value of $530 billion. An increase in environmental awareness, an increasing population, and a rise in urbanization are considered key to growth in the industry which have led to a rise in the overall waste volume, worldwide. Moreover, increase in industrialization in the emerging economies, such as India, China, and Taiwan, has led to the development of chemical, oil & gas, automobile, and medical industries, which generate enormous amount of waste and cause pollution. These factors are expected to significantly contribute toward the growth of the global market. However, high cost of procuring and operating waste management solutions is expected to hamper the market growth. Conversely, increase in awareness among public and government agencies about these solutions and upsurge in need to develop waste-to-energy solutions are expected to provide lucrative growth opportunities for market players.

DOMESTIC ENVIRONMENT: REVIEW

The Waste Management Industry in Nigeria is an emerging sector due to developing legal framework which specifically gives value to services in the sector. The sector's annual potential commercial value is over **7.5billion USD** with the Hazardous waste sub-sector accounting for about **15% (N400B)**. This includes wastes generated from marine activities, mining, manufacturing, cleaning, above all sanitary and medical waste from Heal care and residential facilities, and some consumer wastes. Increasing awareness of the potential danger of waste, aim at keeping the society clean and habitable, steady population growth in the country, increased economic activities (like oil exploration, mining and skyrocketing urbanization) are continually increasing hazardous waste burden and expanding service demands. This is expected to shrink by about **1%** due to theCovid-19 Pandemic, and quickly re-bounce to a growing rate of **6%** in the coming years.

TIP as a forerunner in the Hazardous waste management sub-sector, sees this as an excellent opportunity to consolidate and expand its service delivery to meet the increasing demand for hazardous waste management services not only in Nigeria but also in other African states. Our target market is both the private and public sectors of the economy as we pride ourselves as the only waste management company that has integrated facility and extensive body of knowledge including Trans-boundary waste movement. These include Thermal Desorption Plant, Hazardous Waste Incineration Plant, E-Waste Processing Plant and various Industrial Cleaning pieces of equipment. Our expertise includes Asbestos removal and decontamination, packaging and disposal.

THE COMPANY: REVIEW OF THE BUSINESS ENVIRONMENT

Drilling waste generation in Nigeria which is within the range of 600 to 1200 tons per Well is expected to reduce following the global drop in oil price however, the precarious situation of the Nigerian economy, and the relative calm in Niger Delta will immediately occasion increased drilling campaign after the pandemic cool off. Regulation is still weak in Nigeria resulting in sharp practices. This has created pseudo-facility saturation in the Nigerian market with most not working: a situation which has impacted negatively on the sector is expected to change by increased multilevel regulation in the environmental management industry.

Despite the challenges experienced during the year under review, the Company took advantage of the opportunities generated from its business lines of Industrial Cleaning services, E-waste services through its technological know-how, technological innovation, assets (Equipment) and professional work force.

CONCLUSION:

Ladies and Gentlemen, May I express my profound gratitude to the Board of Directors of this great Company, and all our stakeholders who have not relented in their support, patronage, loyalty, commitment in our Company. I also congratulate and thank the Management and entire staff of the Company for their commitment, loyalty and dedication to work in spite of all the challenges faced during the year under review.

Thank you for participating at this Annual general meeting. May God bless you and bless our dear company The Initiates Plc, Amen.

Dated this 16th day of April 2020

Joe Ogbonna Anosikeh
Chairman
FRC/2014/NIS/00000008836

OUR BOARD OF DIRECTORS
AS AT 31ST DECEMBER, 2019

MR JOE OGBONNA ANOSIKEH (CHAIRMAN)

Mr Anosikeh holds a BSc (Hons) Surveying from University of Lagos, Akoka. He was awarded the best student award in Photogrammetry. Mr Anosikeh ***is a*** registered Surveyor, and Fellow of Nigeria Institution of Surveyors. He is an Alumnus of the Lagos Business School and IESE Business School in Spain. ***He attended several courses and seminars among which are*** *Institute of Directors – Financial Stewardship, Accountability & Leading, Planning Development in Dubai, UAE (Nov 2014), IFRS Executive Briefing/Training (Jan 2013) and Hydro8 Exhibition (Nov 2008).*

Mr Anosikeh worked with Seismograph Service Ltd, England as Senior Surveyor i/c and was transferred to Seismograph Service Nigeria Limited, Nigeria as Chief Surveyor in 1991. He also worked with Schlumberger: Geco-Prakla Nigeria as Chief Surveyor, Special Projects Co-Ordinator, and Geco-Prakla Holand & Austria as Survey & Special Projects Manager. Mr Anosikeh assumed the position of ***Chairman/CEO Survicom Services Nigeria Limited PH from 1998 to date.***

Mr Anosikeh is currently a me***mber of the Audit Committee of WEMA Bank PLC Lagos, Director Precious Marble & Mining Processing Co. Ltd, Ilorin, Member, Audit Committee UAC Properties Development Co Plc. Lagos, and Vice Chairman Onima Microfinance Bank, Onicha Ezinihitte, Mbaise. He is the Chairman of Survicom Properties Nigeria Limited, PH.***

MR. OSSAI MUSTAPHA REUBEN (C.E.O /M.D)

Mr. Ossai is a Chartered Environmentalist and Waste Manager with over twenty years professional experience. He holds a Master of Engineering Degree in Environmental Engineering and also a Post Graduate Diploma in Petroleum and Environmental law. He is a professional member of the Chartered Institution of Waste Management United Kingdom, International Solid waste Association (ISWA), Vienna and Nigerian Institute of Architect.

His work experience includes design and construction of Wastewater Treatment Plant, Development of various waste management programmes and strategies including regional and solid waste management plans and waste minimization programme for factories. Mr. Ossai is the first African to be certified as International Waste Manager by International Solid Waste Association (ISWA) and he is the immediate past President of Waste Management Society of Nigeria. He is a member of Hazardous waste and Landfill technical working groups of ISWA.

Mr Ossai has served in many Expert Committees on Waste Management including National Committee on National Medical Waste Management Plans; NESREA review Committee on Waste Regulations. He is a Contributor to ISWA International Landfill Management and Operational Guidelines and currently lectures waste management at Post graduate level in the Prestigious IPS, University of Port Harcourt.

PROFESSOR EDWARD A. D. ALIKOR (Non-Executive Director)

Prof. Alikor holds an MBBS degree from the University of Ibadan, Nigeria, MSc Epidemiology from University of London, and he is a Fellow of the West African College of Physicians. He also holds a Post Graduate Diploma in Theology.

He was a member of the Rivers State Hospitals Management Board (1993-1997) and currently, Member of the Board of Management of University of Port Harcourt Teaching Hospital (2013 to date). He has published over 40 original articles in professional journals and contributed in writing chapters in books; also attended, and presented papers in many, national and international conferences. He was Chairman, Nigeria Medical Association, Rivers State branch (1993-1997); Formerly Locum Consultant Paediatrician, Shell Clinic, Port Harcourt and pioneer Consultant Paediatrician, NLNG Clinic, Nigerian LNG Ltd, Bonny (1999 to 2002).Prof. Edward Alikor is currently Professor of Paediatrics University of Port Harcourt; Consultant Paediatrician of University of Port Harcourt Teaching Hospital; Medical Director & CEO Adanta Children Hospital, Port Harcourt. He is a member of several National and International Professional Associations including Paediatrics Association of Nigeria and American Academy of Paediatricians (AAP).

Prof. Alikor is also a Justice of Peace of Rivers State (2007)

CHIEF CHARLES A. OBOH (Non-Executive Director)

Chief Oboh is an experienced, reliable and detail oriented Professional in Accounting, Auditing, Internal controls, Finance, Management and Leadership with over 27years experience. He is a Graduate of Accountancy of the Federal Polytechnic, Idah. He possesses a Post graduate diploma (P.G.D) in Accounting and Finance from Delta State University, and an MBA in Management Technology from the Federal University of Technology, Owerri. He is currently pursuing PhD in Leadership and Organisational change from Walden University USA.
Chief Oboh joined Advanced Security & Technology Services Ltd (ASTS Ltd) a wholly owned subsidiary of Nigerian Security Printing & Minting Co. Limited as a lead Accountant and was promoted to Assistant Finance and latter Accounting Manager. He moved on to Nigerian Security Printing & Minting Co. Ltd **as Deputy Finance and Accounting Manager in January 1989.** Chief Oboh proceeded to Lehman Brothers INC. (Aurora Loan Services, Inc.) Mortgage Capital Division, Gaithersburg, MD, USA as **Mortgage Loans Professional (Closing/Funding & Financial Reporting), and then to NTL Institute, Arlington VA, USA as Acting CFO (2008) from where he moved to PAE Government Services Inc., USA (2008 -2014) as Accountant. He is currently a Partner in Umughele Kaghor & Co. (Chartered Accountants & Tax Consultants) (Oct. 2014 to date)**

Chief Oboh is an expert in Organisational change and leadership and is always at the frontline in championing adaptation to change and enhancing procedural benefits. He is a member of many Management, Accounting and Finance professional bodies in the USA and Nigeria. Among the bodies are: American Management Association (AMA, USA); Institute of Certified Public Accountants, Nigeria (CPA, Nigeria)Mortgage Bankers Association (MBA, USA); and National Association of tax professionals (NATP, USA).
Chief Oboh has served as the President of the Isoko Association of greater Washington DC for over 5 years. He is also a member of the Board of Trustees of the Isoko Association of North America. He serves as an Election Judge for the State of Maryland, USA with the Montgomery County Board of Elections. He is also a Regional Director - Africa Business Development operations at Moke Technologies Inc., USA and CEO at Aroward Consulting Ltd.

JOE EBINUM (Non-Executive Director).

Joe Ebinum is a graduate of Aberdeen College of Commerce, and Norwich City College, Norwich (UK) in Accounting, and holds MBA in Financial Management from Lagos State University. He is a Fellow of Chartered Institute of Certified Accountants U.K (1982) and Institute of Chartered Accountants of Nigeria (2007)

Mr Ebinum has attended many professional trainings including, Exploration & Production Accounting (MDT International-London); Auditing in the E&P Industry (MDT International-London); Mastering Negotiating Skills (MDT International-Kuala Lumpur); Petroleum Economics & Decision Making (MDT International -Kuala Lumpur); Petroleum Risks & Decision Analysis (Petro Skills-London); and Developing & Implementing Product Sharing Contracts (MDT International Aberdeen).He has worked in various Organisations like Coopers & Lybrand, Lagos (1987-1989) as Senior Consultant; First Finance & Trust Ltd ,Lagos as AGM Finance & Admin (1989-1992); Managing Director of Mars Home Savings & Loans Ltd. (1992-1998); Fymak Marine Services Ltd as the Group General Manager (2000-2004); and Seplat Petroleum Co Dev Ltd as Capital Management & Treasury Manager (2010- January 2015).

OUR MANAGEMENT TEAM

Mr OSSAI, Reuben M. (Managing Director):

He is a **Chartered Waste Manager and Environmentalist** with over 20years professional experience. He holds a **MEng** Degree in Environmental Engineering. He is a professional member of the Chartered Institution of Waste Management (UK), and International Solid Waste Association (**ISWA**), Vienna. Mr. Ossai is a member of Landfill Technical Working Groups of ISWA.

Mr OGIDI Christian: (GM, Operations):

Holds a B.Tech degree in Petrochemical Engineering and has wealth of working experience of about 15years cutting across various areas including Project Management, Procurement, and Logistics.

Mr. ADAMS-AJIGBOTAJE Bimbo
(Chief Internal Auditor):

Bimbo holds an HND (Accountancy), and BSc (Banking and Finance). He is a Fellow of the Institute of Chartered Accountant of Nigeria with a wealth experience spanning over 22years. He has carved a niche for himself in Budget &Budgetary control, Compliance Monitoring, Investigation and Forensic Accounting, tax and tax management.

DOUGLAS Rosemary (PhD): *(Commercial)***:** Dr.Douglas holds a BSc in Accountancy from the Rivers State University of Science and Technology, an MBA and a Doctorate degree in Business Administration from the University of Benin. She is a Chartered Accountant with over 10 years industry exposure out of which, five years was robust exposure in taxation and financial regulatory matters. Dr.Douglas also has good industry experience in Cost Management and Financial Auditing. She is Fellow of the Institute of Chartered Accountants of Nigeria, a Member of the National Institute of Safety Professionals (NISP), International Solid Waste Association (ISWA) and Waste Management Society of Nigeria (WAMASON)

Mr NWACHUKWU C. Vincent:
(Waste Manager):

Mr.Nwachukwu is a professional Chemical Engineer with over 10years Plant operation and Maintenance exposure. He has received and attended various International Waste Management and Plant Engineering trainings which includes US-EPA (Haz Material Management); and California EPA Toxic Substance Control). He is a Chartered Project Manager, a member of International Association of Engineers; and a member of Waste Management Society of Nigeria

Mrs UKPEBOR, U. Stella: *(QHSE):*

Mrs.Ukpebor holds an MSc degree in Occupational Health and Safety, with over 5years work experience in various aspects of QHSE management in the Oil & Gas Sector. She is NEBOSH certified and an Associate Waste Manager. She is also a certified Environmental Specialist with National Registered Environmental Professionals (NREP, USA).

Mr DJEBAH Preston:
(Cleaning & Decontamination):

He holds a Degree (B.Tech.) in Petrochemical Engineering and has been involved in industrial cleaning and decontamination with over 7years experience and over 4years specifically in Oil and Gas industry. He has received some local and international training in Industrial Cleaning and Decontamination.

Ms.ODEJOBI Olaide:
(Company Secretary):

Olaide holds a BL from the Nigerian Law School and has about 10 years litigation and Commercial experience. She is an Associate Member of the Institute of Chartered Secretaries and Administrators of Nigeria.

Mr. AIGBONOHAN Felix :
(Manager, Innovation& Opportunity):

Felix holds a BSc (Ed) in Physics and has over 7 years' experience in project Management, Mastering Marketing and Business Development. A Certified Project Manager with PRINCE2 and ITIL V3 certifications (UK). He is a strategy developer and marketing professional and customer retention expert.

MANAGEMENT COMMITTEES

As part of the Company's sustainability drive, the Management upon the Board's approval developed Committees to ensure the efficiency and effectiveness of her operations. The Committees developed are:

The Personnel Management Committee which is saddled with the responsibility of Staff welfare, dispute management, the engagement and discipline of staff of the Company;

The Procurement Committee which is responsible for management of vendor complaints, review of quotation for goods and services, assessment of market trends;

The Business Risk/Project Committee which is responsible for reviewing and controlling the Company's business risks including safety, environmental protection, financial and contractual risks,Project monitoring and control/review of project report

REPORT OF THE DIRECTORS

The Directors have the pleasure of submitting to the Members, their report as well as the Audited Financial Statement for the year ended 31st December, 2019.

1. ***Legal Form*:** The Company was incorporated as a Private Limited Liability Company under the Laws of the Federation of Nigeria on the 3rd day of March,1995 with **RC 266755**.It became a Public limited Company on the 24th day of June,2015, and was Listed on the floor of the Nigerian Stock Exchange(NSE)on the 25th day of October, 2016.

2. ***Principal Activities:*** The Company is engaged in Waste Management, E-waste services, Industrial Cleaning &Decontamination to both private and public sectors including the Oil and Gas Industry.

3. ***Result of Operations for the year:***

ITEMS	YEAR 2019	YEAR 2018
	ACTUAL	HISTORY
	N'Mn	N'Mn
Revenue	550.22	700.80
Direct cost	285.55	371.72
Gross Profit	264.67	329.08
Other Income	30.14	22.64
Total Indirect Expenses	168.84	191.50
Financial Cost	30.15	14.11
Profit Before Tax	95.82	146.11
Income Tax Expense	53.55	43.88
Profit for the period	42.27	102.23
Non- Current Asset	864.21	655.83
Current Asset	285.09	473.65
Total Assets	1,149.30	1,129.48
Total current liabilities	129.48	366.51
Total Liabilities	221.67	420.88
Working Capital	63.42	52.77
Net Asset	927.63	708.60

5. ***Property, Plant & Equipment:*** Movements in plant, property and equipment during the year are as reflected in notes 17 of the notes to the financial statement

5. ***Directors:*** The names of Directors who held office during the period are: **Mr. Joe Anosikeh, Mr. Reuben Mustapha Ossai, Chief Charles Oboh, Prof. Edward Alikor and Mr. Joseph Ebinum**.

Directors Remuneration:

Non-Executive Directors remuneration comprises directors fees, sitting allowances and travel allowances; while Executive Director remuneration comprise salaries and other allowances payable during the year.

Year	Names of Directors	Direct Shareholding	Indirect Shareholding
31st Dec, 2018	Mr.Joe Ogbonna Anosikeh	18,295,796	
	Mr.Reuben Mustapha Ossai	190, 695,237	
	Chief Charles Oboh	1,000,000	
	Prof.Edward Alikor	1,126,761	
	Mr.Joseph Ebinum	NIL	30,000,000
31st Dec, 2019	Mr.Joe Ogbonna Anosikeh	18,295,796	
	Mr.Reuben Mustapha Ossai	190,695,237	
	Chief Charles Oboh	1,000,000	
	Prof.Edward Alikor	1,126,761	
	Mr.Joseph Ebinum	NIL	34,550,000
16th April, 2020	Mr.Joe Ogbonna Anosikeh	18,295,796	
	Mr.Reuben Mustapha Ossai	190,695,237	
	Chief Charles Oboh	1,000,000	
	Prof.Edward Alikor	1,126,761	
	Mr.Joseph Ebinum	NIL	34,550,000

Note: *The Company represented by Director with indirect shareholding is:* ***BELL IYKE LIMITED LIMITED.***

7. ***Directors' interest in Contracts:*** In line with the provision of section 277 of CAMA 2004, no Director has any interest(directly/indirectly) in any contract or proposed contract with the Company as at 31st December,2019 or the date of this return.

8. ***Analysis of Shareholding:*** The shares of the Company were fully owned by Nigerian citizens and Institutions. The following shareholders held more than 5% of the shares of the Company as at 31st December, 2019:

Dvcf Oil And Gas Plc	**37.3%**
Ossai Reuben Mustapha	**21.43%**
Samuel Afolayan	**7.35%**
Oboh-Ozoherebe Gordon	**6.58%**

9. ***Fraud/Forgery:*** There was no forgery recorded during the year under review.

10. ***Format of Financial Statement:*** The financial statement of The Initiates Plc have been prepared in accordance with the Financial reporting council of Nigeria as well as the International Financial Reporting Standards.

11. ***Employment and Employee:***

Employee welfare*:* The Company places high premium on the health, safety and welfare of its employees in their places of work. To this end, the Company has various forms of insurance policies including group life insurance to adequately secure and protect its employees. The Company also provides allowances to its employees at all levels for feeding, transport and housing.Equal opportunities are also given during a highly competitive recruitment process and there is no discrimination on gender, race or tribe.

12. **Free Float:** The Free float of a company is the proportion of its shares that are held by investors who are likely to be willing to trade the shares on the Securities Exchanges. In line with the Nigerian Stock Exchange's rules, the Company's free float as at 31st December, 2019 is above 15%.

13. ***Auditors:*** The Auditors, Messer's Madu, Onyekwena& co. indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004.

Dated this 16th Day of April, 2020

Company Secretary

By Order of the Board
FRC/2017/NBA/00000016739

CORPORATE GOVERNANCE

The Initiates Plc. recognizes Corporate Governance as its bedrock in the attainment of the Company's goals and objectives especially as it relates to sound environmental protection, acceptable corporate social responsibility and compliance with statutory regulation. The Company continuously thrives in achieving best practices in accordance with the Laws and Regulations of Nigeria such as the Nigerian Code of Corporate Governance 2018, the Companies and Allied Matters Act Capc20, LFN2004, Post listing rules of the Nigerian Stock Exchange, International Financial Reporting Standard etc.

In achieving these, the Board of Directors is responsible for the following:

a. Exercising leadership, enterprise, integrity and judgment in its oversight and control of the Company so as to achieve the Company's continued survival and prosperity;
b. Ensuring that the Board and its committees act in the best interest of the Company at all times;
c. Ensuring compliance with the laws of the Federal Republic of Nigeria and other applicable regulations;
d. Considering and approving the long-term and short-term strategies for the business of the Company and monitoring their implementation by management;
e. Ensuring the establishment and implementation of a succession plan, appointment process, training mechanism and remuneration structure for both the Board and senior management of the Company;
f. Being accountable to the Company as well as identifying and managing the relationship with shareholders and other stakeholders;
g. Establishing and maintaining the Company's values and standards (including an ethical culture) as well as modelling these values and standards;

The Board exercises its oversight functions through Board Meetings and its Committees, as at the date of this report, the Committees of the Board are:

Committee (Audit &Finance)	**Membership Status**
Christian Ugochukwu Nwanma	Shareholder/Chairman
Mr.Enoch Iwueze	Shareholder/member
Prof.Edward Alikor	Director/member
Mr.Joe Ebinum	Director/member

Committee(Corporate Governance/Compensation)	**Membership Status**
Oboh Charles .A.	Chairman/N.E.D
Mr.Joe Ebinum	Member
Prof.Edward Alikor	Member

Committee(Risk and HSE)	**Membership Status**
Prof.Edward Alikor	Chairman/I.D
Ossai, Reuben Mustapha	Member
Oboh Charles .A.	Member

Statutory Audit Committee: The Committee held three Meetings during the year; (28th March 2019; 25th July 2019 and 23rd October 2019) to perform its roles and responsibilities as stated in section 359(6) of CAMA,2004 and the Nigerian Code of Corporate Governance(2018)

Compensation/CG Committee: The Committee held its Meeting once during the year i.e. 2nd October, 2019 to carry out its responsibilies in line with the code of Corporate Governanace.

THE BOARD OF DIRECTORS

During the year under review, the Board of Directors was made up of 5 Directors comprising a Chairman, a Chief Executive Officer, a Non-executive Director, and (2)independent Directors. The position of the Chairman is distinct from that of the Chief Executive officer to ensure transparency and separation of power as provided in the Nigerian Code of Corporate Governance 2018. The Board held three Meetings during the year (29th March 2019; 26th July 2019 and 24th October, 2019).

In accordance with the provision of section 334 of the Companies and Allied Matters Act, 2004 and the Nigerian Code of Corporate Governance 2018, the Directors have the responsibility of preparing the Financial Statement.

ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS:

Names	**Board Sittings(3sittings)**	**Audit CommitteeSitting(3Sittings)**
Reuben Mustapha Ossai	**3**	Not applicable(N/A)
Joe Ogbonna Anosikeh	**2**	N/A
Charles Aroawode Oboh	**3**	N/A
Prof.Edward Alikor	**3**	**3**
Mr.Joe Ebinum	**3**	3
Christian Ugochukwu Nwanma	N/A	**3**
Mr.Enoch Iwueze	N/A	**3**

N.B: Statutory Audit Committee ……… 28/3/ 2019; 25/7/2019; and 23/10/2018

Board Meetings .... 29/3/ 2019; 26/7/ 2019 and 24/10/2019

COMPLAINTS MANAGEMENT POLICY FRAMEWORK

The Complaints Management Policy of The Initiates Plc has been prepared pursuant to the requirements of the Securities and Exchange Commission's rules relating to the Complaints Management Framework of the Nigerian Capital Market.

The policy has been prepared in recognition of the importance of effective engagement in promoting Shareholder/investor confidence in the Company. This policy sets out the framework by which the Company and its registrar provide assistance regarding shareholder issues and concerns. It also provides opportunity for shareholders to provide feedback to the Company on matters that affect Shareholders.

This policy relates only to Shareholders of The Initiates Plc and is designed to ensure that complaints and enquiries are managed in a timely, effective and efficient manner.

GUIDING PRINCIPLES FOR MANAGING COMPLAINTS:

1. **Confidentiality**: All complaints shall be handled in strict confidence and all personal information of complainants would be adequately protected.

2. **Mode of making Complaints/enquiries**: A Complaints lodgment form would be made available to all shareholders to state their complaints/enquiries and access relevant information in the following manner:

a. **Contact the Registrar**: Shareholders who wish to make a Complaint/enquiry shall in the first instance contact the Registrars, Apel Capital & Trust(Registrars) Limited at 8, Alhaji Bashorun Street, off Norman Williams crescent, South west, Ikoyi. The Registrar manages all the registered information relating to all Shareholdings, including Shareholders names, addresses and dividend payment instructions amongst others. Upon receipt of a Complaint/enquiry, The Initiates Plc. would be notified of such monitoring, record keeping.

b. **Contact the Company Secretary:** If the Registrar is unable to satisfactorily address the Shareholders enquiries and resolve their complaints, then Shareholders should contact the office of the Company Secretary.

3. **Feedback:** Where a Complaint/enquiry is sent directly to the Company; The Initiates Plc. shall upon receipt of the Complaint/enquiry use its best endeavors in ensuring that:

I. The Complaints/enquiries are recorded
II. Prompt and timely response is given to the Complaints
III. The Nigerian Stock Exchange is promptly notified of the Complaints/enquiries
IV. Notify the Shareholder promptly if complaints/enquiries cannot be treated immediately

4. **Form of Complaint/Enquiries register:** The Complaints register shall be in an electronic form comprising the following:

a. The date of the Compliant
b. The details/information of the Complainant
c. The nature/ description of the Complaint
d. The steps/action taken to resolve the Complaint

5. This Policy shall be made available on the Company's website (www.initiatesgroup.com), the Registrars and by contacting the office of the Company Secretary of The Initiates Plc.

6. The Complaints Management Policy is subject to review from time to time by the Company.

SECURITIES TRADING POLICY: In line with rule 17:15 of the Disclosure of Dealings in Issuers shares, Rulebook of the Exchange, The Initiates Plc. has a trading policy which applies to all the employees and Directors who may at a time possess any insider or material information about the Company.

OLAIDE ODEJOBI
Company Secretary
FRC/2017/NBA/00000016739

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE YEAR ENDED 31ST DECEMBER, 2019

In accordance with the provisions of the Companies and Allied Matters Act, the Directors are required to prepare Financial statements for the year which gives a true and fair view of the state of financial affairs of the Company.The Directors' responsibility includes ensuring that the Company:

a. Keeps proper Accounting records which discloses with reasonable accuracy, at any time, the financial position of the Company;
b. Prepares the Financial statements in compliance with the provisions of the Companies and Allied Matters Act as well as the International Financial Reporting Standards;
c. Establishes adequate internal control to safeguard its assets and to prevent and detect fraud and other irregularities.

The Directors accept responsibility for the Annual Financial Statements which have been prepared using appropriate Accounting policies supported by reasonable and prudent judgment in conformity with the International Financial Reporting Standards issued by the International Accounting Standards Board and the Companies and Allied Matters Act, 2004.

The Directors are of the opinion that the Financial statement gives a true and fair view of the state of the Financial affairs of the Company ended 31st December, 2019. The Directors further accept responsibility of the maintenance of the Accounting records that may be relied upon in the preparation of the Financial Statement.

Nothing has come to the attention of the Directors indicating that the Company will not remain a going concern in the coming year ahead.

Signed on behalf of the Board of Directors by:

Reuben Mustapha Ossai
Managing Director
FRC/2014/NIAECHI/00000009687

Joe Ogbonna Anosikeh
Chairman
FRC/2014/NIS/00000008836

Madu, Onyekwena & Co.
(Chartered Accountants)

11 Birabi Street GRA Phase 1 (Old - 23/25 Birabi Street, GRA 1; P.O. Box 12279 Port Harcour
+234 816 550 3000, 803 300 5230 www.maduonyekwena.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Initiates Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **The Initiates Plc** as at 31 December 2019 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year and summary of significant accounting policies and other explanatory information as set out on pages 5 to 51.

In our opinion, the financial statements give a true and fair view of the financial position of **The Initiates Plc** as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act. CAP C20, LFN2004, and the Financial Reporting Council of Nigeria Act 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B) together with other ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed. These matters are addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter below relate to the audit of the financial statements.

Impairment of Trade Receivables

IFRS 9 requires the company to recognise impairment using the Expected Credit Loss (ECL) model. The Company adopted IFRS 9 (Financial Instrument) which became effective on 1 January 2018. One of the key changes arising from the adoption of IFRS 9 is the use of an Expected Credit Loss (ECL) model in determining the impairment allowance for trade receivables. Due to the significance of trade receivables as well as uncertainties inherent in estimating the recoverable amounts, and the extent of estimation and judgement involved in determining the impairment allowance required, the impairment of trade receivables was considered a matter of significance in our audit.

How the matter was addressed in the audit

We focused our testing of impairment of trade receivables on the key assumptions made by the management.

Our audit procedures include:

1. Obtained an understanding of the Company's credit control process, and tested the design and implementation and operating effectiveness of the controls.

2. We reviewed the reasonableness of the estimation of probability of default events by management.

3. We reviewed the credit loss calculation for the period.

4. We checked the payments received from trade receivables subsequent to year end.

Our tests did not reveal deviations.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report and Audit Committee's report as required by Companies and Allied Matters Act CAP C20 LFN 2004, which we obtained prior to the date of this Auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the financial statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this Auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Companies and Allied Matters Act, CAP C20, LFN 2004, and the Financial Reporting Council of Nigeria Act 2011, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company and/or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from any material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also;

a) identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

b) Obtain an understanding of internal control relevant to the audit 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 Company's internal

c) Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.

e) Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the sixth schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of accounts.

Sir Sampson C. Madu, FCA
FRC/2013/ICAN/00000001973
For: Madu, Onyekwena & Co.
Chartered Accountants
Port Harcourt, Nigeria
16 April, 2020

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1196431

REPORT OF THE AUDIT COMMITTEE

In compliance with Section 359(6) of the Companies and Allied Matters Act CAP.C20, LFN 2004, and Section 60(2) of the Investment and Securities Act 2007, we have reviewed the Audit report for the year ended 31st December, 2019 and hereby state as follows:

1. We examined the scope and planning of the audit for the year ended 31st December 2019; this was in our opinion adequate.

2. We also reviewed the External Auditors' Management letter for the year as well as the Management's response thereon.

3. We ascertained that the accounting and reporting policies of the Company for the year ended 31st December 2019 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2019 was adequate and Management's response to Auditors' findings thereon was satisfactory.

Dated this 16th day of April 2020

Mr. Christian Ugochukwu Nwanma
FRC//2017//ICAN//00000016424
Chairman, Audit Committee

<u>Members of the Committee</u>:
Mr. Christian Ugochukwu Nwanma - Chairman/Shareholder Representative
Sir Enoch Iwueze- Shareholder Representative
Prof.Edward Alikor - Non-Executive Director
Mr. Joseph Ebinum - Non-Executive Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

Continuing Operations	Note	2019 N	2018 N
Revenue from contracts with customers	6	550,218,779	700,798,753
Cost of sales	7	(285,547,369)	(371,721,258)
Gross profit		264,671,410	329,077,495
Other income	8	30,140,845	22,643,412
Staff costs	9	(72,773,148)	(74,060,130)
Depreciation and impairment loss	10	(7,526,599)	(5,852,221)
Administrative expenses	11	(88,538,219)	(97,901,448)
Other expenses	12	-	(13,686,747)
Results from operating activities	13	125,974,289	160,220,361
Finance cost	14	(30,153,731)	(14,105,902)
Profit before tax		95,820,558	146,114,459
Income tax expense	15.1	(53,551,712)	(43,884,152)
Profit for the year		**42,268,846**	**102,230,307**
Other Comprehensive income			
Foreign currency translation difference	16	-	(11,249,990)
Revaluation surplus on property, plant and equipment	17.3	221,263,007	-
Other comprehensive income for the year		**221,263,007**	**(11,249,990)**
Total comprehensive income for the year		**263,531,853**	**90,980,317**
Basic earnings per share (kobo)	40	5	11

The notes on pages 10 to 51 form part of these financial statements.

STATEMENT OF FINANCIAL
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 N	2018 N
Assets			
Non-current assets			
Property, plant and equipment	17	864,209,717	655,833,451
Current assets			
Inventories	18	8,063,918	3,708,367
Trade and other receivables	19	142,477,084	287,236,270
Cash and cash equivalents	20	13,421,682	79,055,268
Current tax assets	21	116,863,352	97,218,003
Other current assets	22	4,264,376	6,432,901
Total current assets		285,090,412	473,650,809
Total Assets		**1,149,300,129**	**1,129,484,260**
Equity and Liabilities			
Equity			
Share capital	23	444,990,776	444,990,776
Share premium	24	17,780,000	17,780,000
Revaluation reserve	25	303,473,535	82,210,528
Retained earnings	26	161,389,109	163,619,341
Total equity		927,633,420	708,600,645
Non-current liabilities			
Deferred tax liabilities	15.4	92,186,159	54,377,713
Current liabilities			
Trade and other payables	27	52,677,285	154,903,738
Provisions	28	13,482,130	36,028,711
Current tax liabilities	15.2	17,602,350	20,641,917
Other current tax liabilities	29	43,663,784	34,813,288
Employees' benefits	30	2,055,001	118,248
Borrowings	31	-	120,000,000
Total current liabilities		129,480,550	366,505,902
Total liabilities		221,666,709	420,883,615
Total equity and liabilities		**1,149,300,129**	**1,129,484,260**

These financial statements were approved by the Board of Directors on 16 April, 2020 and signed on its behalf by:

Mr. Joe Ogbonna Anosikeh
Chairman
FRC No:FRC/2014/NIS/00000008836

Mr. Reuben Mustapha Ossai
Managing Director
FRC No:FRC/2014/NIAECHE/00000009687

Rosemary Douglas
Chief Finance Officer
FRC No:FRC/2017/ICAN/00000016060

The notes on pages 10 to 51 form part of these financial statements.

STATEMENT OF CHANGE IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total Equity
	N	N	N	N	N
At 1 January	444,990,776	17,780,000	82,210,528	163,619,341	708,600,645
Prior year adjustments	-	-	-	-	-
Dividend paid	-	-	-	(44,499,078)	(44,499,078)
Profit for the year	-	-	-	42,268,846	42,268,846
	444,990,776	**17,780,000**	**82,210,528**	**161,389,109**	**706,370,413**
Other comprehensive income:					
Revaluation surplus on property, plant and equipment (note 17.3)	-	-	221,263,007	-	221,263,007
At 31 December	**444,990,776**	**17,780,000**	**303,473,535**	**161,389,109**	**927,633,420**

YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total Equity
	N	N	N	N	N
At 1 January	444,990,776	17,780,000	83,410,528	169,621,532	715,802,836
Prior year adjustments	-	-	-	(61,383,246)	(61,383,246)
Adjustment	-	-	(1,200,000)	-	(1,200,000)
Dividend paid	-	-	-	(35,599,262)	(35,599,262)
Profit for the year	-	-	-	102,230,307	102,230,307
	444,990,776	**17,780,000**	**82,210,528**	**174,869,331**	**719,850,635**
Other comprehensive income:					
Foreign currency translation difference	-	-	-	(11,249,990)	(11,249,990)
At 31 December	**444,990,776**	**17,780,000**	**82,210,528**	**163,619,341**	**708,600,645**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 ₦	2018 ₦
Cash flows from operating activities			
Profit after tax		42,268,846	102,230,307
Adjustment to reconcile profit to net cash provided by operating activities;			
Depreciation		41,090,624	32,724,596
Interest received		(1,236,417)	(52,534)
Foreign exchange difference		-	(11,249,990)
Finance cost		30,153,731	14,105,902
Loss on sale of property, plant and equipment		-	3,071,528
Motor vehicle written off		-	716,875
Changes in working capital:			
Increase in inventories		(4,355,551)	(819,039)
Decrease/(increase) in trade and other receivables		144,759,186	(66,966,979)
Increase in current tax assets		(19,645,349)	(21,740,112)
Decrease/(increase) in other current assets		2,168,525	(3,571,730)
Increase in non-current liabilities		37,808,446	25,101,531
(Decrease)/increase in trade and other payables		(104,370,851)	90,600,056
Increase/(decrease) in employees benefits		1,936,753	(2,551,397)
Increase in current tax liabilities		625,782	9,582,177
Increase/(decrease) in other current tax liabilites		8,850,496	(12,743,057)
Decrease in provisions		(22,546,551)	(71,773,374)
Cash used by operations		157,507,640	86,664,760
Tax paid		(3,665,349)	(1,932,316)
Net cash used in operating activities		**153,842,291**	**84,732,444**
Cash flows from investing activities			
Acquisition of property, plant and equipment	17	(28,203,883)	(19,998,240)
Proceeds from sale of property, plant and equipment		-	1,700,000
Interest received	8	1,236,417	52,534
Net cash used in investing activities		(26,967,466)	(18,245,706)
Cash flows from financing activities			
Borrowings		103,340,360	165,000,000
Repayment of borrowings		(223,340,360)	(105,000,000)
Unclaimed dividends returned		2,144,398	932,657
Dividends paid		(44,499,078)	(35,599,262)
Finance cost	14	(30,153,731)	(14,105,902)
Net cash used by financing activities		(192,508,411)	11,227,493
Net (decrease)/increase in cash and cash equivalents		(65,633,586)	77,714,231
Cash and cash equivalents at 1 January		79,055,268	1,341,037
Cash and cash equivalents at 31 December	20	**13,421,682**	**79,055,268**

1. General Information

The company was incorporated under the Companies and Allied Matters Act 1990 as a Limited Company on 3 March 1995 and commenced business in February 1997. On 23 March 2015, the company was re-registered and converted to public limited company and accordingly changed its name from The Initiates Limited to The Initiates Plc.

The company's principal activity includes Waste Recycling, Treatment and Disposal, Industrial Cleaning and Environmental Remediation.

2. Basis of Accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards. The components of the financial statements are:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

They were authorised for issue by the Company's Board of Directors on 16 April, 2020.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Inventories at the lower of cost and net realisable value
- Property, plant and equipment at revalued amount
- The financial instruments (borrowings) measured at amortized cost

2.3 Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

3. Adoption of new and revised International Financial Reporting Standards (IFRSs)

The following revisions to accounting standards and pronouncements were issued and made effective beginning on or after 1 January 2018.

	Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
a.	IFRS 9 Financial Instruments	IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items, a single approach to determine whether a financial asset is measured at amortised cost or fair value and a single impairment method. This standard has replaced IAS 39; Financial instruments, recognition and measurement.	1 January 2018
b.	IFRS 15 Revenue from Contracts with customers	This standard is a replacement of IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreement for the Construction of Real Estate, IFRI 18 – Transfer of Assets from Customers and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. The amendment does not change the underlying principles of the standard, they clarify and offer some additional transition relief.	1 January 2018
c.	IFRS 16: Leases	IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss. No significant changes have been included for lessors. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.	1 January 2019

	Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
d	Amendments to IFRS 9 - Financial Instruments (Prepayment features with negative compensation)	The IASB issued a narrow scope amendment to IFRS 9 to enable entities to measure some prepayable financial assets with negative compensation at amortised cost. However, to qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract'. and the asset must be held within a 'held to collect' business model.	1 January 2019
e	IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 - Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (CSM) representing the unearned profit of the contract.	1 January 2019
f	Amendments to IAS 28- Investment in Associates (Long term interests in Associates & Joint Ventures)	The IASB issued a narrow scope amendment to IAS 28 that clarifies that these long term interests in an Associate or Joint Venture to which the equity method is not applied should be accounted for using IFRS 9. This includes the impairment requirements in IFRS 9.	1 January 2019

4. Summary of significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

4.1 Foreign currency translation

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

4.2 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair Value Through Profit or Loss (FVPL). Transaction costs are added to, or subtracted from this amount.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS15. Refer to the accounting policies on Revenue from contracts with customers.

1 **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 marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e.assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cashflows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognised in profit or loss and is included in the "finance income – interest.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost (trade receivables and short-term deposits). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial insruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 60 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(iv) Write off policy

The Company writes off a financial asset when there is sufficient information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when all economic attempts to recover the outstanding amount have failed or when the period within which the debt can be legally enforced has expired or unable to locate debtor or debtor passed away leaving no asset, which ever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e.the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

II Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method.
Financial liabilities measured subsequently at amortised cost.
Financial liabilities that are not:
(i) contingent consideration of an acquirer in a business combination,
(ii) held-for-trading, or
(iii) designated as at FVTPL, are measured subsequently 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 amortised cost of a financial liability.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the (Expected Interest Rate) EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest (EIR) amortisation process.
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 as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

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

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

(1) the carrying amount of the liability before the modification; and

(2) the present value of the cashflows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Offsetting of financial instruments

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

III) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4.3. Property, plant and equipment

i Recognition and measurement

Land is stated in the statement of financial position at the revalued amount.

Buildings, plant and machinery, and all other property, plant and equipment are stated in the statement of financial position at their revalued amount less accumulated depreciation and any impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment acquired after the revaluation, are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount will not be recovered. Reference should be made to the section on impairment of non-financial assets for details of impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets. Borrowing costs are capitalised when the cost of the acquisition of the assets and borrowing cost are incurred and the activities necessary to bring the assets to a condition for its use have been started.

Capitalisation of borrowing cost is suspended during periods in which active development is interrupted.

ii Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance of property, plant and equipment are charged to statement of profit or loss during the financial year in which they are incurred.

iii Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The estimated useful lives for the current and comparative periods are as follows:

	%
Land	Nil
Building	2.00
Plant and Machinery	5.00
Motor Vehicles	25.00
Office and HSE Equipment	20.00
Furniture and Fittings	33.33

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each each asset is transferred to the relevant asset càtegory immediately the asset is available for use and depreciated accordingly.

Land has unlimited useful life, so it is not depreciated.

iv Derecognition of property, plant and equipment

An item of property, plant and equipment 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.

4.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production costs and other costs incurred in bringing them to their existing location and condition. Cost incurred in bringing each product to its present location and condition is based on weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Allowance is made for obsolete, slow moving or defective items where appropriate.

4.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generatingunit(CGU). For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").
An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets (excluding Goodwill for which impairment loss is not reversed), impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4.6 Employee benefits

a Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The company makes provisions for employee benefits in accordance with the Pension Reform Act 2014. 8% of the employee's basic salary, housing and transport contributed monthly by the employee and 10% contributed by the employer. The monthly contribution is remitted to the Pension Fund Administrators.

b Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c **Short-term employee benefits**

Short-term employee benefit obligations are measured on an un-discounted basis and are expensed as the related service is provided.

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

4.7 Provisions

A provision is recognised if, as a result of a 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.The unwinding of the discount is recognised as finance cost.

4.8 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the Statement of Financial Position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

4.9 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in Statement of Financial Position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost is also included in financing activities while finance income received is included in investing activities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.10 Revenue from contracts with customers IFRS 15

A Revenue

Revenue is recognised by applying a five-step approach:

- Identify the contract
- Identify the separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognise revenue when (or as) each performance obligation is satisfied

i Identify the contract

Any agreement that creates enforceable rights and obligations is a contract.

A contract modification is accounted for as a separate contract or continuation of the original contract prospectively or with cumulative catch-up, depending on facts and circumstances.

ii Identify the separate performance obligations in the contract

Performance obligations are the explicit or implicit promises made to the customer in a contract. In a multi-element arrangement, it is necessary to determine if the promises made are distinct from each other or should be accounted for together as a bundle.

iii Determine the transaction price

Transaction price is the amount of the consideration a company is entitled to receive in exchange for transferring goods or services to customers.

The transaction price is determined when the contract price is fixed.

Variable consideration is estimated and recognised as revenue when it is highly probable that a significant reversal of the cumulative revenue recognised will not occur in future periods.

iv Allocate the transaction price to performance obligations

The total consideration in a contract is between each of the distinct performance obligations in that contract on the basis of the standalone selling price.

v Recognise revenue when (or as) each performance obligation is satisfied

Revenue is recognised in the Income Statement when or as the company fulfils its performance obligations, that is when the promised goods or services are transferred to the customer and the customer obtains control. This may be over time or a point in time. In the case of services, the obligation is satisfied over the period of provision of the services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B Contract balances

i Trade receivables

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

ii Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

iii Contract liabilities

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

4.11 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been statutorily enacted by the reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities, respectively. In the case of transactions recognised directly in equity, the related deferred tax asset and liability also affects equity.

4.12 Dividends

Dividends are recognised as liability in the period they are declared.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria are written back to retained earnings.

4.13 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

4.14 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company components. All operating segments are reviewed over time by management for resource allocation and performance assessment.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

Revenue and cost represent operating revenues and expenses respectively that are directly attributable to each business segment. The Company's business segments are presented by line of business.

4.15 Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

5. Significant accounting judgements, estimates and assumptions

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. The management of the Company revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the financial statements.

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 recognised in the financial statements are discussed below:

5.1 Critical accounting judgements

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

5.2 Key sources of estimation uncertainty

a. Provision for expected credit losses (ECL) of trade receivables

The Company uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments.

		2019	2018
		N	N
6.	**Revenue from contracts with customers**	**550,218,779**	**700,798,753**
	The revenue from contracts with customers is made up of:		
	Industrial Cleaning and Decontamination	191,530,969	134,780,008
	E-Waste	3,976,500	-
	Incineration	107,552,004	24,736,851
	Thermal Desorption Unit	174,737,101	314,634,796
	Waste Treatment and Disposal	65,526,545	226,647,098
	Fixation and stabilization	6,895,660	-
		550,218,779	**700,798,753**
7.	**Cost of sales**		
	Waste Collection and Haulage	130,721,110	131,031,050
	Waste Disposal	4,590,456	1,708,700
	Hiring of equipment	19,148,768	83,400,711
	Diesel and lubricants	11,216,472	4,968,465
	Repairs and Maintenance	17,798,973	12,616,649
	Transport and travelling	4,340,137	-
	Consumables	28,680,185	49,310,646
	Depreciation	33,564,025	26,872,375
	Direct wages	11,750,880	15,432,441
	Community relations and security	7,163,884	34,414,956
	Compliance	8,442,699	9,097,757
	Other direct costs	8,129,780	2,867,508
		285,547,369	**371,721,258**
8.	**Other income**		
	Equipment rental	1,510,000	17,198,000
	Interest received	1,236,417	52,534
	Sale of secondary products	-	5,339,250
	Foreign exchange gains (note 8.1)	27,334,790	-
	Sundry income	59,638	53,628
		30,140,845	**22,643,412**

8.1 Foreign exchange gains

This represents exchange difference arising from translation of foreign currency transactions during the year under review.

9.	**Staff costs**		
	Salaries and allowances	59,443,411	60,182,532
	Employer's pension contribution	5,533,500	5,522,064
	Staff welfare	2,388,736	1,988,444
	Performance Bonus	-	989,387
	Medical expenses	5,407,501	5,377,703
		72,773,148	**74,060,130**

	2019	2018
	N	N
10. Depreciation and impairment loss		
Depreciation	**7,526,599**	**5,852,221**
11. Administrative expenses		
Directors' emolument	12,913,200	12,913,200
Directors' allowances and expenses	5,798,462	8,016,097
Directors' fees	2,250,000	2,250,000
Transport and travelling expenses	4,012,670	3,522,059
Legal and professional fees	5,247,574	6,775,709
Electricity	676,837	1,419,288
Fuel and diesel	9,209,331	8,943,269
Licenses and levies	1,821,925	484,455
Donation & Gift	735,500	640,000
Repairs and maintenance	2,747,650	5,685,040
Printing and stationery	1,107,206	1,128,020
Insurance	4,122,883	3,795,880
Telephone and postage	928,585	1,124,523
Entertainment	840,800	839,530
Internet expenses	689,500	2,277,804
Industrial Training Fund	1,064,015	813,298
Bank charges	2,698,248	2,224,584
Training expenses	440,000	392,000
Local content tax	6,079,505	5,856,015
Subscription	1,378,407	902,300
Meal expenses	2,539,900	2,404,200
Corporate social responsibility	150,000	12,559,000
Balances written off	3,286,338	-
Advertisement	383,847	715,784
Bad debt written off	40,671	7,188,072
Auditors' remuneration	2,500,000	2,500,000
Provision for doubtful debts	13,089,410	-
Office and general expenses	1,785,755	2,531,321
	88,538,219	**97,901,448**
12. Other expenses		
Loss on sale of asset	-	3,071,528
Motor vehicle written off		716,875
Realized foreign exchange losses	-	9,898,344
	-	**13,686,747**
13. Results from operating activities is stated after taking into account the undernoted items;		
Director's emolument:		
- Fees	2,250,000	2,250,000
- Others	18,711,662	20,929,297
Depreciation and impairment loss	41,090,624	32,724,596
Auditors' remuneration	2,500,000	2,500,000

14. Finance cost

This represents interests charged by Guaranty Trust Bank Plc and Wema Bank Plc on invoice discounting and loan facilities obtained respectively by The Initiates Plc.

	2019	2018
	N	N
Other financial charges	5,296,549	2,913,939
Interest on loans	24,857,182	11,191,963
	30,153,731	**14,105,902**

15. Taxation

15.1 Income tax expense

	2019	2018
Company income tax	12,990,332	15,117,272
Education tax	2,752,934	3,665,349
	15,743,266	18,782,621
Deferred tax (note 15.4)	37,808,446	25,101,531
	53,551,712	**43,884,152**

15.2 Current tax liabilities

Movement in Income tax liabilities

	2019	2018
At 1 January	20,641,917	12,992,056
Payments during the year	(3,665,349)	(1,932,316)
Tax charge for the year	15,743,266	18,782,621
Withholding tax credit notes applied	(15,117,484)	(9,200,444)
At 31 December	**17,602,350**	**20,641,917**

15.3 Reconciliation of effective tax rate

	2019	2018
Profit for the year before tax	95,820,558	146,114,459
Income tax using the company's domestic tax rate of 30%	28,746,167	43,834,338
Education tax using tax rate of 2%	1,916,411	2,922,289
Tax effect on expenses not deductible for tax purposes	13,384,360	11,888,960
Tax effect on capital allowances	(27,529,336)	(36,370,430)
Tax effect on tax incentives	(774,336)	(3,492,536)
Tax charge in income statement (Income tax and Education tax)	**15,743,266**	**18,782,621**

15.4 Deferred tax liabilities

	Accelerated tax depreciation	Revaluation surplus	Total
	N	N	N
At 1 January 2018	29,276,182	-	29,276,182
Movement in the year	25,101,531	-	25,101,531
At 31 December 2018	54,377,713	-	54,377,713
Movement in the year	15,682,146	22,126,300	37,808,446
At 31 December 2019	**70,059,859**	**22,126,300**	**92,186,159**

16 Foreign currency translation difference

This represents exchange difference arising from translation of foreign currency balances at year end.

17. Property, Plant and Equipment

17.1 Summary

The carrying amount of property, plant and equipment is stated as follows;

	2019	2018
	N	N
Land	43,600,000	-
Buildings	170,073,340	176,190,811
Plant and Machinery	638,135,241	472,547,223
Furniture and Fittings	3,617,574	2,004,338
Office & HSE Equipment	8,783,562	5,091,079
	864,209,717	**655,833,451**

YEAR ENDED 31 DECEMBER 2019

17.2 Analysis of Property, plant and equipment

	Land	Buildings	Plant and Machinery	Capital Work-in-Progress (note 17.4)	Motor Vehicles	Furniture and Fittings	Office & HSE Equipment	Total
Deemed Cost		N	N	N	N	N	N	N
At 1 January 2018	-	149,333,285	431,579,459	139,491,035	2,694,000	3,906,000	7,396,560	734,400,339
Adjustments (note 26.1)	-	-	(1,200,000)	(3,000,000)	-	-	-	(4,200,000)
Addition in the year	-	1,676,565	14,559,525	-	-	1,622,500	2,189,650	19,998,740
Transfer	-	34,632,715	101,858,320	(136,491,035)	-	-	-	-
Write-off	-	-	-	-	(2,694,000)	-	-	(2,694,000)
Disposals	-	-	(5,586,180)	-	-	-	-	(5,586,180)
At 31 December 2018	-	185,592,565	541,211,124	-	-	5,528,500	9,586,210	741,918,399
Revaluation surplus (note 17.3)	-	31,407,435	112,319,726	-	-	104,800	1,868,090	145,699,351
Adjustment	-	-	(5,150,000)	-	-	-	(977,500)	(4,127,500)
Reclassification	43,200,000	(43,200,000)	-	-	-	-	-	-
Additions in the year	400,000	298,400	25,811,191	-	-	-	1,694,292	28,203,883
Disposals	-	-	-	-	-	-	-	-
At 31 December 2019	**43,600,000**	**174,098,400**	**676,191,541**	-	-	**5,633,100**	**12,171,092**	**911,694,133**
Accumulated Depreciation and impairment loss								
At 1 January 2018	-	6,475,689	42,756,177	-	1,640,375	2,584,297	2,845,590	56,302,128
Adjustments (note 26.1)	-	-	(150,000)		-	-	-	(150,000)
Charge for the year	-	2,926,065	26,872,375	-	326,750	939,865	1,649,541	32,721,596
Write-off	-	-	-	-	(1,967,125)	-	-	(1,967,125)
Disposals	-	-	(814,651)	-	-	-	-	(814,651)
At 31 December 2018	-	9,401,754	68,663,901	-	-	3,524,162	4,495,131	86,084,948
Transfer to Revaluation Reserve	-	(8,853,689)	(64,171,626)	-	-	(3,386,148)	(3,279,693)	(79,691,156)
Charge for the year	-	3,476,995	33,564,025	-	-	1,877,512	2,172,092	41,090,624
Disposals								
At 31 December 2019	-	**4,025,060**	**38,056,300**	-	-	**2,015,526**	**3,387,530**	**47,484,416**
Carrying amount								
At 31 December 2019	**43,600,000**	**170,073,340**	**638,135,241**	-	-	**3,617,574**	**8,783,562**	**864,209,717**
At 31 December 2018	-	**176,190,811**	**472,547,223**	-	-	**2,004,338**	**5,091,079**	**655,833,451**

17.3 Deemed cost

On 5 November 2018, the company's property, plant and equipment were revalued by Messrs. Jide Taiwo & Co (Estate Surveyors and Valuers - FRC/2012/0000000000254) on the basis of open market value of N880,800,000. The revalued amount was incorporated in these financial statements.The surplus of N221,263,007 arising therefrom was transferred to revaluation reserve

17.4 Capital work-in-progress

This represents costs incurred by The Initiates Plc on property,plant and equipment which were put to use in the prior year.

	2019 N	2018 N
Incinerator and E-Waste Plant Buildings	-	34,632,715
E-Waste Plant	-	36,723,693
Incinerator Plant	-	40,457,970
Rotocar	-	24,676,657
Transformer	-	3,000,000
Transfer	-	(139,491,035)
	-	-

17.5 Depreciation

Cost of sales	33,564,025	26,872,375
Administrative	7,526,599	5,852,221
	41,090,624	**32,724,596**

17.6 Security

As at 31 December 2019, there were no assets pledged as security.

18. Inventories

Diesel	3,784,544	1,180,219
QHSE Consumables	1,423,270	699,208
Stationeries	254,204	257,190
Technical/Electrical items	2,571,100	1,571,750
Other consumables	30,800	-
	8,063,918	**3,708,367**

The value of inventories recognised as an expense during the year was N33.40 million (2018: N20.11 million).

No inventory was pledged as security during the year.

The Company uses First In First Out method in valuing its inventory.

		2019	2018
		N	N
19.	**Trade and other receivables**		
	Trade receivables (note 19.1)	135,472,885	280,541,407
	Staff loans and advances (19.2)	912,598	2,487,532
	Receivable due from related parties (note 19.3)	6,091,601	4,207,331
		142,477,084	**287,236,270**

19.1	**Trade receivables**		
	Receivables from customers	155,819,661	287,798,773
	Allowance for expected credit losses (note 19.1.1)	(20,346,776)	(7,257,366)
		135,472,885	**280,541,407**
	Ageing of trade receivables		
	Current	-	-
	1 - 30 days past due	-	237,328,950
	31 - 60 days past due	24,608,735	22,033,955
	61 - 90 days past due	24,545,817	2,003,127
	Over 90 days past due	106,665,109	26,432,741
		155,819,661	**287,798,773**

19.1.1	**Movement in allowance for credit losses**		
	At 1 January	7,257,366	69,293
	Allowance for the year	13,089,410	7,188,073
	At 31 December	**20,346,776**	**7,257,366**

19.2	**Key management personnel and staff loans**		
	Loan to key management personnel	-	-
	Staff loans and advances	953,269	2,487,532
	Allowance for expected credit losses	(40,671)	-
		912,598	**2,487,532**

19.3 Receivable due from related parties

a. Relationship with Subsidiary

Transactions

In February 2018, the Company entered into a joint venture agreement with a local company in Uganda with a view to tendering for waste management contracts in Total Uganda. This was followed up by the incorporation of a company (The Initiates Uganda Limited) in November 2018.

When fully established the Company will be a subsidiary of The Initiates Plc.

	2019	2018
	N	N
Due from		
The Initiates Uganda Limited - Pre-Incorporation expenses	**6,091,601**	**4,207,331**

b. Relationship with key management Personnel

Key management personnel include the Directors and the management staff of the Company

Transactions

During the year, funds were provided by the key management personnel to the Company. However, the Directors fees, allowances and other entitlements are stated in Note 32.

	2019	2018
	N	N
At 1 January	-	-
Funds provided during the year	2,500,000	-
Repayments in the year	(2,500,000)	-
At 31 December	-	-

20. Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at bank as at year end.

	2019	2018
	N	N
Cash in hand	127,415	125,395
Cash at bank	10,294,267	78,929,873
	10,421,682	79,055,268
Treasury bill (note 20.1)	3,000,000	-
	13,421,682	**79,055,268**

20.1 Treasury bill

This represents short term investment in government securities. This investment has a tenor of 182 days with the interest rate of 9% per annum.

21. Current tax assets

These represent withholding tax receivable as at year end.

	2019	2018
	N	N
At 1 January	97,218,003	75,477,891
Withholding tax in the year	34,762,833	30,940,556
Withholding tax utilised during the year	(15,117,484)	(9,200,444)
At 31 December	**116,863,352**	**97,218,003**

22. Other current assets

	2019	2018
Prepaid expenses	**4,264,376**	**6,432,901**

23. Share capital

	2019	2018
Authorised: (note 23.1)		
900,000,000 ordinary shares of N0.50 each	**450,000,000**	**450,000,000**
Issued and fully paid: (note 23.2)		
889,981,552 ordinary shares of N0.50 each	**444,990,776**	**444,990,776**

23.1 Authorized share capital

At the 12th - 16th Annual General Meeting held on 23rd March 2015, the authorized share capital of the company which was formerly 350,000,000 ordinary shares of N1.00 each was converted to 900,000,000 ordinary shares of N0.50 each.

23.2 Paid up share capital

At the 12th - 16th Annual General Meeting held on 23rd March 2015, the paid up share capital of the company was increased by the capitalization of dividends for 2013 and 2014 and also issue of bonus shares to shareholders.

	2019	2018
	N	N
24. Share premium		
At 1 January	17,780,000	17,780,000
Additional share premium	-	-
At 31 December	**17,780,000**	**17,780,000**

25. Revaluation Reserve

On 5 November 2018, the company's property, plant and equipment were revalued by Messrs. Jide Taiwo & Co (Estate Surveyors and Valuers - FRC/2012/0000000000254) on the basis of open market value of N880,800,000. The revalued amount was incorporated in these financial statements. The surplus of N221,263,007 arising therefrom was transferred to revaluation reserve account.

	2019	2018
	N	N
At 1 January	82,210,528	83,410,528
Adjustments (note 25.1)	-	(1,200,000)
Revaluation surplus	221,263,007	-
At 31 December	**303,473,535**	**82,210,528**

25.1 This adjustment was made in 2018 to correct 315KVA Generator revalued by Messr Ubochi Eleh & Co. in 2015 which did not belong to the Company.

		2019	2018
26.	**Retained earnings**	**N**	**N**
	At 1 January	163,619,341	169,621,532
	Prior Year Adjustments (note 26.1)	-	(61,383,246)
	Dividend paid	(44,499,078)	(35,599,262)
	Profit for the year	42,268,846	102,230,307
		161,389,109	174,869,331
	Other comprehensive income:		
	Foreign currency translation difference	-	(11,249,990)
	At 31 December	**161,389,109**	**163,619,341**

26.1 Prior Year Adjustments

These are adjustments made to correct errors in previous year's account balances. The account balances affected are as follows:

	2019 N	2018 N
Adjustment in trade and other payables	-	827,992
Adjustment in Bank	-	23,989
Adjustments in revenue and cost of sales	-	(58,455,594)
Adjustment in VAT and Witholding Tax Liabilities	-	(200,000)
Adjustments of prior year transactions paid in the current year	-	(729,633)
Adjustment in property,plant and equipment	-	(2,850,000)
	-	**(61,383,246)**

		2019	2018
27.	**Trade and other payables**		
	Trade payables	34,092,049	140,812,003
	Dividend payable (note 27.1)	3,603,731	1,459,333
	Other payables	339,049	74,515
	Accruals	14,642,456	12,557,887
		52,677,285	**154,903,738**

		2019	2018
27.1	**Dividend payable**	**₦**	**₦**
	At 1 January	1,459,333	526,676
	Unclaimed dividends	2,144,398	932,657
	Prior Year Dividends approved during the year (note 27.1.1)	44,499,078	35,599,262
	Payments made during the year	(44,499,078)	(35,599,262)
	At 31 December	**3,603,731**	**1,459,333**

27.1.1 Cash Dividend

At the 20th Annual General Meeting held on 25 October 2019, the Shareholders approved dividend of 5 kobo per ordinary share payable out of the profit for the year ended 31 December 2018.

		2019	2018
		₦	**₦**
28.	**Provisions**		
	At 1 January	36,028,711	107,802,085
	Provisions made in the year	22,000,000	79,000,000
	Provisions used during the year	(44,546,581)	(150,773,374)
	At 31 December	**13,482,130**	**36,028,711**

29.	**Other current tax liabilities**		
	Pay As You Earn	971,713	4,688
	Withholding tax payable	12,242,787	5,063,551
	Value Added Tax - Suppliers	11,756,403	3,772,983
	Value Added Tax - Customers	18,692,881	25,972,066
		43,663,784	**34,813,288**

	2019	2018
	N	N
30. Employees' benefits		
Defined contribution plans (note 30.1)	**2,055,001**	**118,248**

30.1 Defined contribution plans

These represent pension contribution. It is computed as follows: 8% of the employee's basic salary, housing and transport is contributed monthly by the employee and 10% of the employee's basic salary, housing and transport is contributed by the employer. The monthly contribution is remitted to the Pension Fund Administrators in accordance with the Nigerian Pension Reform Act 2014.

	2019	2018
	N	N
At 1 January	118,248	2,669,645
Provision for the year	10,807,610	10,489,374
Payments made during the year	(8,870,857)	(13,040,771)
At 31 December	**2,055,001**	**118,248**

31. Borrowings

A contract finance facility of N120.0 million was obtained from Wema Bank Plc in 2018 to execute the contract awarded by Shell Petroleum Development Company. This facility has a tenor of 6 months with 3 milestone repayment and also with interest rate of 29% per annum. In the current year, invoice discounting facility of $247,440 was obtained from Guaranty Trust Bank Plc, and also loans from individuals for the execution of SPDC contract (Asbestos disposal). The invoice discounting facility has a tenor of 90 days with interest rate of 11% per annum.

	2019	2018
	N	N
Guaranty Trust Bank Plc (note 31.1)	-	-
Wema Bank Plc (note 31.2)	-	120,000,000
Individuals (note 31.3)	-	-
	-	**120,000,000**

	2019	2018
	₦	₦
31.1 Invoice Discounting Facility from GTB Plc		
At 1 January	-	-
Invoice Discounting Facility in the year	75,840,360	-
Repayments in the year	(75,840,360)	-
At 31 December	-	-

	2019	2018
31.2 Loan facility from Wema Bank Plc		
At 1 January	120,000,000	60,000,000
Loan in the year	-	165,000,000
Repayments in the year	(120,000,000)	(105,000,000)
At 31 December	-	**120,000,000**

	2019	2018
31.3 Loans from Individuals		
At 1 January	-	-
Loan in the year	25,000,000	-
Repayments in the year	(25,000,000)	-
At 31 December	-	-

		2019	2018
32.	**Information regarding directors and employees**	N	N
32.1.	**Directors**		
	Directors' emoluments comprises:		
	Fees	2,250,000	2,250,000
	Others - salaries and allowances	18,711,662	20,929,297
		20,961,662	**23,179,297**
	Highest paid Director (Managing Director) - emolument	**12,913,200**	**12,913,200**
		Number	**Number**
	Other directors with emoluments	**Nil**	**Nil**
	The number of directors with gross emoluments within		
		Number	**Number**
	Below N3,000,000	-	-
	N3,000,001 - N7,000,000	-	-
	N7,000,001 and above	1	1
		1	**1**
32.2	**Employees**	**Number**	**Number**
	Average numbers of persons employed during the year:		
	Management	10	10
	Senior Staff	13	16
	Junior Staff	28	26
		51	**52**
	Aggregate payroll costs	**N**	**N**
	Salaries and allowances	**72,773,148**	**74,060,130**
	The number of employees in Nigeria with gross emoluments within the bands stated were:	**Number**	**Number**
	N100,000 - N500,000	15	18
	N500,001 - N1,000,000	14	12
	N1,000,001 - N1,500,000	9	9
	N1,500,001 and above	13	13
		51	**52**

33. Financial Risk Management

Risk management framework

The Board of Directors has over all responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee which is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee reports regularly to the Board of Directors on its activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks from its use of financial instruments:

a credit risk
b liquidity risk
c market risk
d operational risk

a. Credit risk

Credit risk is the risk that a 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), cash and cash equivalents, including deposits with banks, amount due from related parties and staff loans.

The Company's principal exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company manages employee loans by ensuring that each employee does not exceed a loan greater than 40% of his or her annual pay, and only employees who meet this requirement receives a loan facility from the Company.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored by the credit control unit and management conducts frequent reviews.

Cash and cash equivalents are placed with banks which are regulated.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Counterparty credit limits are reviewed periodically, and may be updated at any point in the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make

The carrying amount of financial assets represents the maximum credit exposure.

i **Exposure to credit risk**

The maximum exposure to credit risk at the reporting date was:

	Note	2019 N	2018 N
Trade and other receivables	19	142,477,084	287,236,270
Cash and cash equivalents	20	13,421,682	79,055,268
		155,898,766	**366,291,538**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	Note		
Customers	19	135,472,885	280,541,407
Related parties	19	6,091,601	4,207,331
Staff loans and advances	19	912,598	2,487,532
		142,477,084	**287,236,270**

The Company's most significant customer accounts for N65.0 million (2018:N186.3 million) of the trade and other receivables carrying amount at 31 December 2019.

ii Impairment losses

Trade receivables

For trade receivables, the Company applied the simplified approach in computing expected credit losses (ECL). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 33(i). The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 December 2019 using a provision matrix:

31 December 2019

	Trade Receivables Days Past Due					
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	19.08%	
Estimated total gross carrying amount at default	-	-	24,608,735	24,545,817	106,665,109	155,819,661
Expected credit loss	-	-	-	-	(20,346,776)	(20,346,776)
	-	**-**	**24,608,735**	**24,545,817**	**86,318,333**	**135,472,885**

31 December 2018

	Trade Receivables Days Past Due					
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	27.46%	
Estimated total gross carrying amount at default	-	237,328,950	22,033,955	2,003,127	26,432,741	287,798,773
Expected credit loss	-	-	-	-	(7,257,366)	(7,257,366)
	-	**237,328,950**	**22,033,955**	**2,003,127**	**19,175,375**	**280,541,407**

Expected credit loss measurement - other financial assets

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

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

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

b. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations: this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

31 December 2019	Carrying Amount	Contractual Cash flows	Less than 1	1-2 Years	2-5 Years
Non derivative financial liabilities					
Borrowings	-	-	-	-	-
Trade and other payables	52,677,285	52,677,285	-	52,677,285	-
	52,677,285	**52,677,285**	**-**	**52,677,285**	**-**

31 December 2018	Carrying Amount	Contractual Cash flows	Less than 1	1-2 Years	2-5 Years
Non derivative financial liabilities					
Borrowings	120,000,000	120,000,000	120,000,000	-	-
Trade and other payables	154,903,738	154,903,738	-	154,903,738	-
	274,903,738	**274,903,738**	**120,000,000**	**154,903,738**	**-**

c. **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, foreign currency risk, commodity price risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company manages market risks by keeping costs low through different cost optimization initiatives and productivity agenda. Furthermore, market developments are monitored constantly through scenario planning and events assessed regularly with a view to taking mitigating actions where necessary.

i **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (i.e. when revenue/expenses and assets/liabilities are denominated in a different currency from the Company's functional currency). The Company's exposure for the reporting periods shown is mainly due to trade receivables and payables denominated in foreign currencies.

The Company manages its currency risk by converting its transactions denominated in foreign currency to its functional currency on the date of receipt of invoice and records any exchange gain or loss on settlement of the invoice as they arise, without hedging. The Company invoices for services rendered to some of its customers in the functional currency - the Nigerian Naira (100% NGN) and others partly in the functional currency - the Nigerian Naira (40% NGN) and foreign currency - (60% USD). The Company's currency risk is mainly as a result of exposure to the USD and arises predominantly as a result of amounts receivable from customers, and payable to vendors.

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments.

ii **Interest rate risk**

The Company adopts a policy of ensuring that a significant element of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into loan arrangements with mixed interest rate sources.Variable interest rates are marked against the ruling rates to reduce the risk arising from interest rates.

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cashflow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the over all duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

d. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the authorisation of transactions
- requirements for the reconciliations 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
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

33.1 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cashflows, discounted at the market rate of interest at the measurement date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

ii Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

iii Share-based payment transactions

The fair value of the restricted stock unit plan is measured based on market prices of the awarded shares on the grant date adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2019		2018	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets	**N**	**N**	**N**	**N**
Loans and receivables	142,477,084	142,477,084	287,236,270	287,236,270
Cash and cash equivalents	13,421,682	13,421,682	79,055,268	79,055,268
	155,898,766	**155,898,766**	**366,291,538**	**366,291,538**

	2019		2018	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities	**N**	**N**	**N**	**N**
Borrowings	-	-	120,000,000	120,000,000
Trade and other payables	52,677,285	52,677,285	154,903,738	154,903,738
	52,677,285	**52,677,285**	**274,903,738**	**274,903,738**

At year end, the carrying amounts of loans and receivables and trade and other payables reasonable estimated their fair values.

33.2 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders'equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's debt to capital ratio at the end of the reporting period was as follows:

	2019	2018
	N	N
Total liabilities	221,666,709	420,883,615
Cash and cash equivalents	(13,421,682)	(79,055,268)
Net debt	208,245,027	341,828,347
Total Equity	927,633,420	708,600,645
Debt to capital ratio as at December 31	0.22	0.48

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

34. Guarantees and other financial commitments

The company did not guarantee any loan to the directors and officers of the company during the year.

35. Financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's financial statements have been taken into account in the preparation of the financial statements under review.

36. Contingent liabilities

There were no contingent liabilities arising from litigations in the ordinary course of business.

37. Capital commitments

There were no capital commitments at 31 December 2019.

38. Reclassification of Balances

Certain comparative balances have been reclassified to provide a more meaningful comparison.

39. Events after the reporting date

COVID-19

The Directors are of the view that the going concern or the continuing existence of the Company is not in doubt, as a result of the impact of COVID-19 on their future operations.

40. Earnings per Share

Earnings per share are based on profit after tax and number of fully paid ordinary shares.

	2019	2018
	₦	₦
Profit attributable to ordinary shareholders (in naira)	42,268,846	102,230,307
Number of ordinary shares issued and fully paid for basic earnings per share (in number)	889,981,552	889,981,552
Basic earnings per 50 kobo share	5	11

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 N	%	2018 N	%
Revenue from contracts with customers	550,218,779		700,798,753	
Other income	30,140,845		22,643,412	
	580,359,624		723,442,165	
Less: Bought in materials and services				
Imported	53,514,815		68,293,750	
Local	317,160,479		413,499,220	
Value added	**209,684,330**	**100**	**241,649,195**	**100**
Applied as follows:				
To pay employees' salaries wages and other benefits	72,773,148	35	74,060,130	31
To pay Government taxation	15,743,266	7	18,782,621	8
To provide for enhancement of assets and expansion:				
- deferred tax	37,808,446	18	25,101,531	10
- depreciation of fixed assets	41,090,624	20	32,724,596	13
- retained in the business	42,268,846	20	90,980,317	38
	209,684,330	**100**	**241,649,195**	**100**

Note: "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 amongst employees, capital providers, government, and that retained for future creation of wealth.

FIVE YEARS FINANCIAL SUMMARY

	31 December				
	2019	**2018**	**2017**	**2016**	**2015**
	N	**N**	**N**	**N**	**N**
Assets employed					
Non-current Assets	864,709,717	655,833,451	678,098,211	587,311,661	510,297,266
Other non-current assets	-	-	-	-	10,000,000
Current Assets	285,090,412	473,650,809	465,676,462	271,955,506	218,027,195
Total Assets	**1,149,300,129**	**1,129,484,260**	**1,143,774,673**	**859,267,167**	**738,324,461**
Equity					
Issued capital	444,990,776	444,990,776	444,990,776	444,990,776	444,990,776
Share premium	17,780,000	17,780,000	17,780,000	17,780,000	17,780,000
Revaluation reserve	303,473,535	82,210,528	83,410,528	83,410,528	83,410,528
Retained earnings	161,389,109	163,619,341	169,621,532	152,938,913	33,869,063
	927,633,420	708,600,645	715,802,836	699,120,217	580,050,367
Liabilities					
Non-current liabilities	92,186,159	54,377,713	29,276,182	46,533,814	8,268,457
Current liabilites	129,480,550	366,505,902	398,695,655	113,613,136	150,005,637
Total liabilities and equity	**1,149,300,129**	**1,129,484,260**	**1,143,774,673**	**859,267,167**	**738,324,461**
Revenue	**550,218,779**	**700,798,753**	**664,901,943**	**648,144,614**	**345,766,927**
Profit before taxation	95,820,558	146,114,459	73,466,455	203,183,451	60,051,096
Income tax expense	(53,551,712)	(43,884,152)	8,511,955	(65,052,877)	(22,883,903)
Profit after taxation	**42,268,846**	**102,230,307**	**81,978,410**	**138,130,574**	**37,167,193**
Other Comprehensive income					
Foreign currency translation difference	-	(11,249,990)	(16,504,401)	(2,507,724)	-
Revaluation surplus on property, plant and equipment	221,263,007	-	-	-	37,501,392
Other comprehensive income for the year	**221,263,007**	**(11,249,990)**	**(16,504,401)**	**(2,507,724)**	**37,501,392**
Total comprehensive income for the year	**263,531,853**	**90,980,317**	**65,474,009**	**135,622,850**	**74,668,585**
Basic earnings per share (kobo)	5	11	9	16	4
Net assets per share (kobo)	104	80	80	79	65

Basic earnings per share are calculated on the profit after tax and the number of fully paid ordinary shares at the end of each year.

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

SHAREHOLDERS CAPITAL HISTORY AS AT 31ST DEC, 2019

Shareholders with 5% and above:

SN	NAME	ADDRESS	HOLDINGS	%
1	OZOHEREBE GORDON	4,Ntein street, Akpajo-Eleme(2nd market) P/Harcourt, Rivers State.	58,568,412	6.58%
2	AFOLAYAN SAMUEL	1, Ogendemgbe street, Apapa, Lagos.	65,453,152	7.35%
3	OSSAI REUBEN M	2, Rumuchiorlu street off Ada George road, Rumueme Port Harcourt Rivers	190,695,237	21.43%
4	DVCF OIL & GAS PLC	Fifth floor, 94, Broad street, Lagos.	332,174,967	37.32%
			646,891,768	**72.68%**

SHARE CAPITAL HISTORY OF THE COMPANY FROM INCEPTION TO 31ST DEC, 2019

Year	Authorized Share Capital (=N=)		Issued & Fully Paid-up Capital (=N=)		Consideration	No of Shareholders
1995	50,000	50,000	50,000	50,000	CASH	2
1999	4,950,000	5,000,000	4,950,000	5,000,000	CASH	4
2007	95,000,000	100,000,000	68,750,908	73,750,908	CASH	4
2008	100,000,000	200,000,000	123,750,908	197,501,816	CASH	12
2009	100,000,000	300,000,000	96,969,292	294,471,108	CASH	36
2014	50,000,000	350,000,000	47,019,669	341,490,777	BONUS/CASH	36
2015	100,000,000	450,000,000	103,499,999	444,990,776	BONUS/CASH	91
2016	----------	900,000,000	889,981,552	889,981,552	CASH	105
2017	--------------	900,000,000	889,981,552	889,981,552	CASH	145
2018	------------------	900,000,000	889,981,552	889,981,552	CASH	196
2019	---------------	900,000,000	889,981,552	889,981,552	CASH	224

SHAREHOLDERS INFORMATION

APEL CAPITAL REGISTRARS LIMITED

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,

Apel Capital & Trust Ltd.
8, Alhaji Bashorun Street
Off Norman Williams Str. S.W Ikoyi Lagos.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ANINO INT'L PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	FIRST ALUMINIUM PLC	
	INTERLINKED TECHNOLOGIES PLC	
	INTERNATIONAL BREWERIES PLC	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MBA MUTUAL TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	NCR (NIGERIA) PLC	
	NEM INSURANCE PLC	
	PARAMOUNT EQUITY	
	PHARMA DEKO PLC	
	THE INITIATES PLC	

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

Email: registrars@apel.com.ng
W: www.apel.com.ng

Tel : +234 (1) 293 2121
+234 (0) 704 612 6698

Address : 8, Alhaji Bashorun Street,
Off Norman Williams Crescent,
S.W. Ikoyi Lagos

PROXY FORM FOR THE YEAR ENDED 31ST DECEMBER, 2019

ANNUAL GENERAL MEETING OF THE INITIATES PLC

To be held at the Conference room, The Initiates Plc, Plot 400, Location road, off Aba/PH Expressway, by Oyigbo Junction, Umuebule 5, Etche, Rivers State.

I/WE ………………………………………………………… (Name of Shareholder)

Being a member of The Initiates Plc. Hereby appoint ………………………………………

Of ……………………………………………or failing him, the Chairman of the Meeting as My/our proxy to act and vote for me/us on my/our behalf at the AGM of the Company to be held on the 30th day of July 2020 or at any adjourned date thereof.

Dated this ………………day of …………..2020

Shareholder's signature ………………………

NOTES:

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote in case you cannot personally attend the Meeting. Provision has been made on this form for the Chairman of the Meeting to act as proxy, but if you wish, you may insert in the Blank spaces on the form the name of any of the suggested proxies who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting. The names of suggested proxies are:
   a. Joe Anosikeh — Chairman
   b. Reuben Mustapha Ossai — Managing Director
   c. Prof. Edward Alikor — Independent Director

2. A blank proxy form is attached to the Annual Report and also available on the Company's website at www.initiatesgroup.com and the Registrars website at www.apel.com.ng. In line with the Corporate Affairs Commission's Guidelines, shareholders are advised to send their completed proxy forms to the office of the Company Secretary, The Initiates Plc, Plot 400, Location road, off Aba/PH Expressway, By Oyigbo Junction, Umuebule 5, Etche, Rivers State not later than 27th July, 2020 to enable the Company stamp the proxy forms at the Company's expense.

3. The following Directors have offered themselves for re-election: **MR. JOE OGBONNA ANOSIKEH**, and **PROF.E.A.ALIKOR**

Resolution	For	Against
1. To receive and consider the Audited Financial Statement as at Dece.31st 2019, the report of the Directors, the Audit Committee, the Auditors Report therein.		
2. To re-elect Directors		
3. To re-appoint the Auditors		
4. To authorize the Directors to fix the Remuneration of Auditors.		
5. To appoint/re-appoint members of the Audit Committee		
Special Business: 6. To consider and approve the remuneration Of Directors		

ADMISSION FORM FOR THE YEAR ENDED DECEMBER 31ST,2019

Please Admit

Shareholder's Full Name:

…………………………………………………………………………...

To be completed in advance by a Shareholder or his duly appointed proxy to the Annual General Meeting of THE INITIATES PLC. which will be held at the Conference room, The Initiates Plc, Plot 400, location road, off Aba/PH Expressway, By Oyigbo Junction, Umuebule 5, Etche, Rivers State.

The Admission card must be produced by the Shareholder or his proxy to obtain entrance to the Meeting.

1. Shareholders or proxies are requested to sign the Admission card before the Meeting.

Number of shares held……………………………..
(To be completed by the Company's official)

OLAIDE ODEJOBI
Company Secretary

The INITIATES PLC
Annual General Meeting holding on the 30th day of July, 2020 at the Conference room, The Initiates Plc, Plot 400, Location road, off Aba/ PH Expressway, By Oyigbo Junction, Umuebule 5, Etche, Rivers state.

Number of Shares held ………………………
(To be completed by Company's Officials)

Shareholder's full Name …………………………………
(To be completed in advance by shareholder)

…………………………………
Signature of person attending
(To be signed by the person attending in the presence of Company's official at the entrance of the hall)

THE INITIATES PLC.
RC266755

WASTE MANAGERS & INDUSTRIAL CLEANERS

PROXY FORM

Number of shares held: Please tick x as applicable	For	Against
Ordinary Business:		
1.To receive and consider the Audited Financial statement, the report of the Directors, the Audit Committee, the Auditors Report therein		
2.To re-elect Directors		
3. To re-appoint the Auditors		
4. To authorize the Directors to fix the remuneration of Auditors		
5.To appoint/re-appoint members of the Audit Committee		
Special Business		
6. To consider and approve the remuneration of Directors		

ADMISSION FORM TO 21ST ANNUAL GENERAL MEETING OF THE INITIATES PLC

Please admit

Shareholder's Full Name:

………

To be completed in advance by a shareholder named on this form or his duly appointed proxy to the Annual General Meeting of The Initiates Plc to be held at: The Conference Room, The Initiates Plc, Plot 400, location (new) road, off Aba/PH expressway, by Oyigbo Junction, Umuebule 5, Etche, Rivers state on Thursday 30th July, 2020 at 11.00 am

The Admission card must be produced by the Shareholder or his proxy to obtain entrance to the Meeting

I/WE……………………………………………………………………………………………………
being a Shareholder/Shareholders of THE INITIATES PLC hereby appoint Mr.Joe Anosikeh or Mr. Reuben Mustapha Ossai or Prof. Edward Alikor as my/our Proxy to act and vote for me/us on my/our behalf at the 21st Annual General Meeting to be held on the 30th day of July 2020 and at any adjournment thereof

Dated this ………………………Day of ………………………………2020

Signature: ………………………………………………………………………………..

J.O. ANOSIKEH (CHAIRMAN)
R.M. OSSAI (CEO & MD)
C.A. OBOH (NON-EXECUTIVE)
PROF. E.A.D. ALIKOR (NON-EXECUTIVE)
J. EBINUM (NON-EXECUTIVE)

PLOT 400, LOCATION (NEW) ROAD
OFF ABA/PH EXPRESS BY OYIGBO JUNCTION
UMUEBULE 5
P.O.BOX 7242
PORT HARCOURT

PHONE +234 84 669510 www.initiatesgroup.com EMAIL: wms@initiatesgroup.com

NOTES: .

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy in his stead. All proxies must get to the Company's Registrars, Apel Capital & Trust Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi, Lagos not less than 48 hours before the time of holding the meeting. A proxy need not to be a member of the company.

In the case of joint shareholders any one of such may complete the form, but the names of all joint shareholders must be stated.

It is a requirement of the law under the Stamp Duties Act. Cap 411 Laws of Federation of Nigeria 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear a Stamp Duty. This shall be at the company's expense.

If the shareholder is a corporation this form must be under its common seal or under the hand of any officer or attorney duly authorized in that behalf.

Plot 400, Location (new road) off Aba/PH Expressway,
By Oyigbo Junction, Umuebule 5,
P.O.Box 7242, Port Harcourt, Rivers State, Nigeria

www.initiatesgroup.com,

wms@initiatesgroup.com,

084-669510