



2020

ANNUAL REPORTS
& ACCOUNTS



The Initiates Plc

...Supporting greener production & consumption

 Tuesday, 25th May 2021


 CONFERENCE HALL, BON HOTEL AT LA KINGS.
31 Ken Saro wiwa Street, Former Stadium road,
Rumuomasi Port Harcourt, Rivers State.

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RESULT AT A GLANCE

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31ST 2020

	ACTUAL	HISTORICAL	
	2020	2019	CHANGE
	N'Mn	N'Mn	%
Revenue	469.38	550.22	(14.69)
Direct cost	(324.98)	(298.13)	9.00
Gross Profit	144.40	252.08	(42.72)
Other Income	5.99	30.14	(80.13)
Total Indirect Expenses	(150.15)	(156.25)	(3.90)
Financial Cost	(5.92)	(30.15)	(80.37)
Profit Before Tax	(5.68)	95.82	(105.93)
Provision for Income Tax Expense	(78.14)	(53.55)	45.92
Profit for the period	(83.82)	42.27	(298.31)

STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31ST

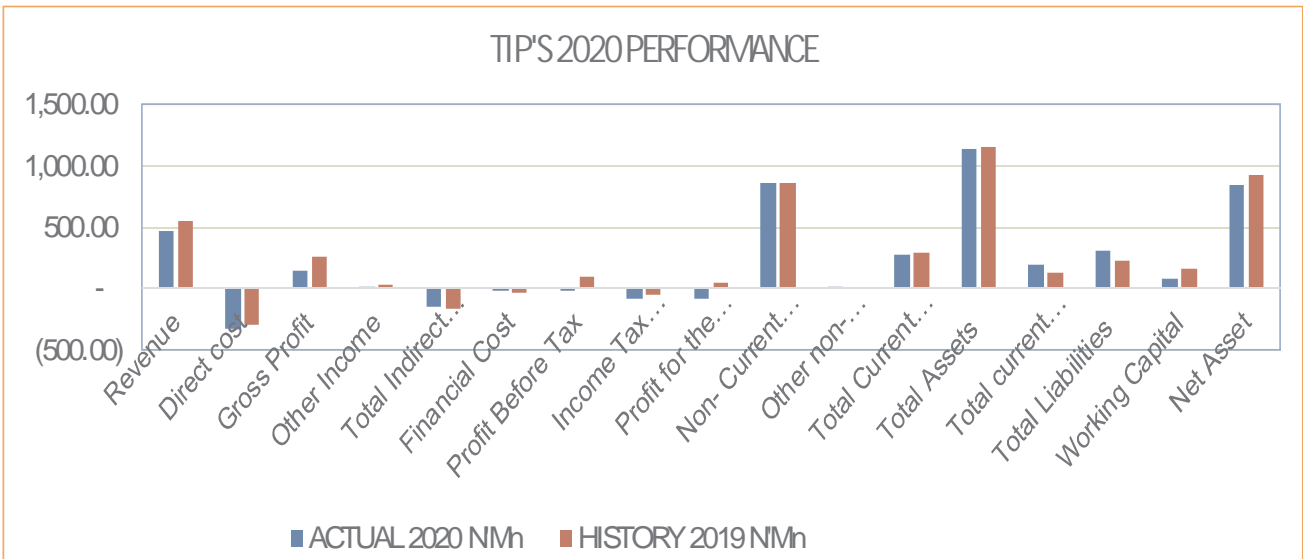
	ACTUAL	HISTORICAL	
	2020	2019	CHANGE
	N'Mn	N'Mn	%
ASSETS			
Non-Current Assets			
Property, plant and Equipment	855.14	864.21	(1.05)
Other non-current assets	10.00	-	100.00
Total Non-Current Assets	865.14	864.21	0.11
Current Assets			
Inventories	5.12	8.06	(36.56)
Trade receivables	126.06	142.48	(11.52)
Cash and cash equivalents	8.64	13.42	(35.62)
Current tax assets	125.40	116.86	7.31
Other current tax assets	13.98	4.26	227.87
Total current Asset	279.20	285.09	(2.07)
Total Assets	1,144.34	1,149.30	(0.43)
Non-Current Liabilities			
Deferred tax	108.91	92.19	18.15
Current Liabilities			
Trade and other payables	46.71	52.68	(11.34)
Provisions	-	13.48	(100.00)
Current tax liabilities	61.11	17.60	247.15
Other current tax liabilities	64.18	43.66	47.00
Employees' benefits	2.62	2.06	27.41
Borrowings	17.00	-	100.00
Total Current Liabilities	191.62	129.48	
Total Liabilities	300.53	221.67	35.58
Working Capital	87.59	155.61	(43.71)
Net Asset	843.81	927.63	(9.04)

RATIOS

YEAR ENDED DECEMBER 31ST

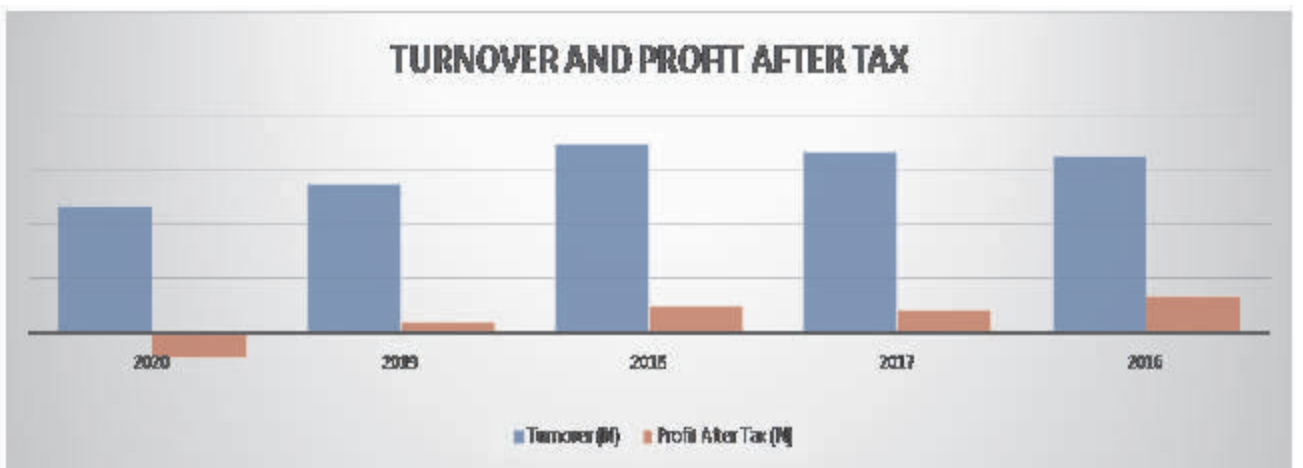
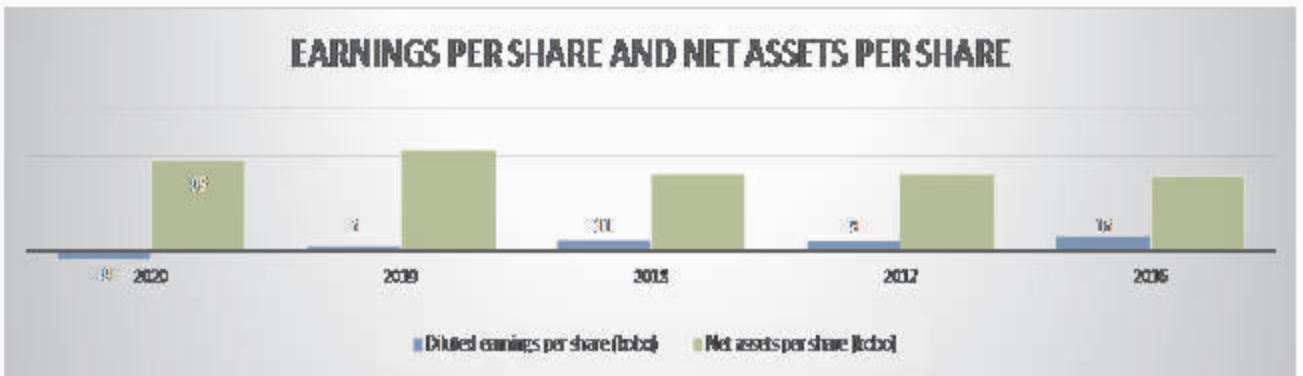
	ACTUAL	HISTORICAL	
	2020	2019	CHANGE
	N'Mn	N'Mn	%
Earnings Per Share	(0.09) Kobo	0.05 Kobo	150.43
Gross Profit Margin	30.76%	45.82%	(48.93)
Net Profit Margin	-17.86%	7.68%	143.02
Net Asset Per Shares	0.95 Kobo	1.04 Kobo	(9.93)
Return on Capital Employed	-8.80%	4.14%	147.11
Current Ratios	1.46x	2.20x	(51.11)
Net Working Capital:	0.19x	0.28x	(51.56)
Fixed Asset Turnover:	0.55x	0.64x	(15.99)
Receivables Turnover	2.01x	2.44x	(21.28)
Payables Turnover	2.00x	2.00x	-
Return On Equity	(0.09) Kobo	0.05 Kobo	150.43
Return On Assets	0.41 Kobo	0.48 kobo	(16.72)
Price Earning per Share	(5.31)Kobo	10.53 Kobo	298.31
Gearing	0.0002	-	100.00

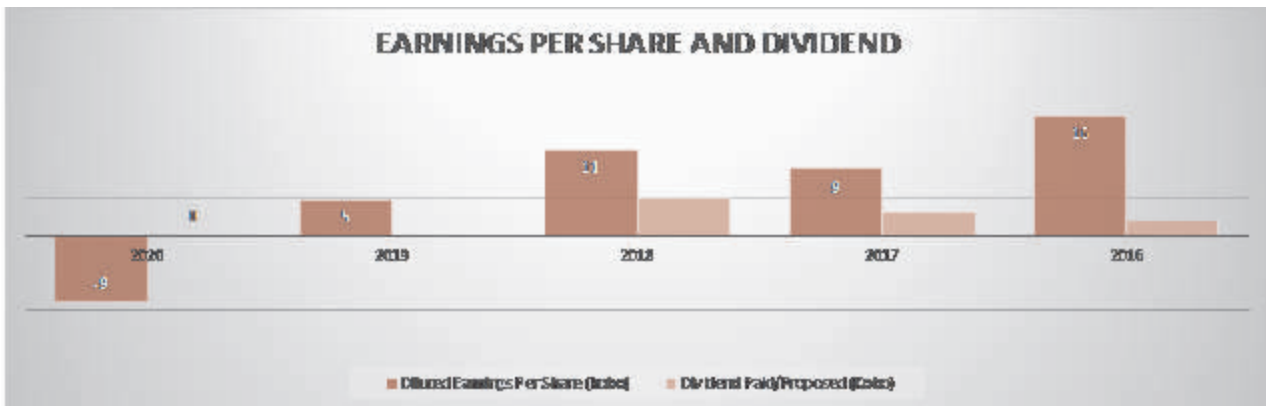
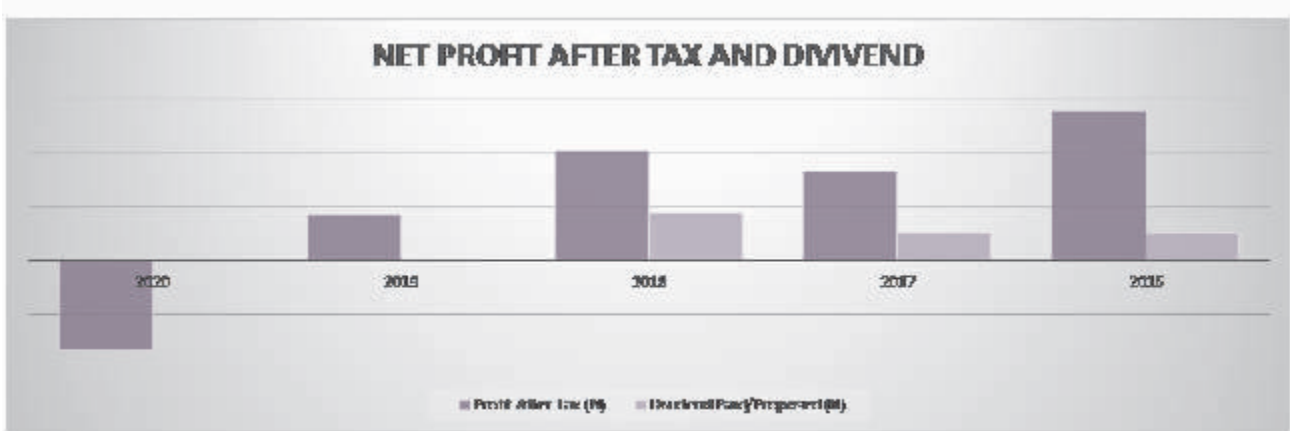
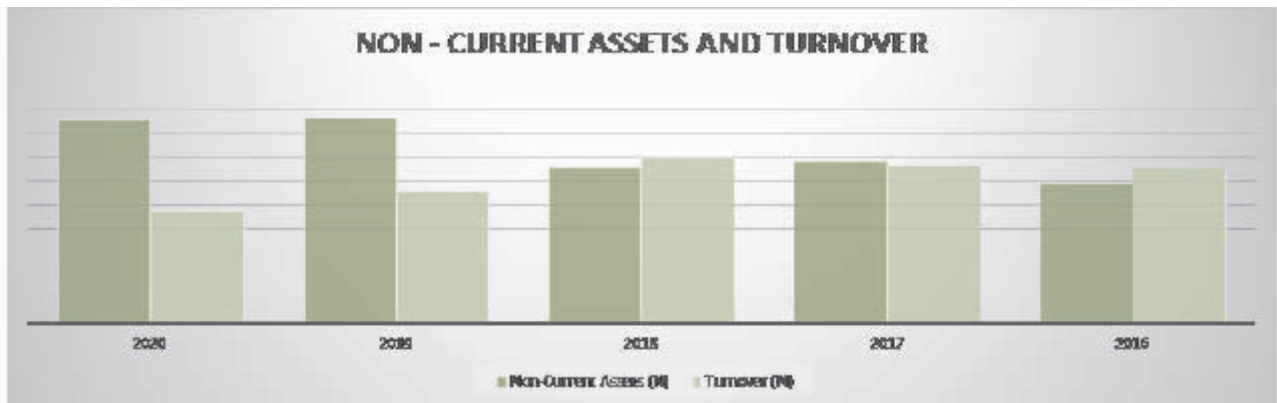
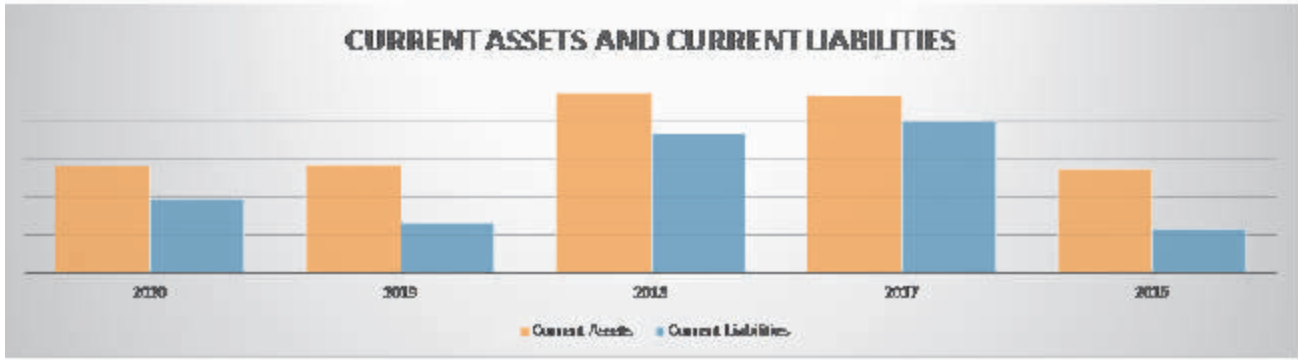




Graphical representation of TIP's performance for 2020.

PERFORMANCE IN FIVE YEARS





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 VALUE

Professionalism:

- Integrity
- Expertise
- Standards & Certification

Commitment:

- To safety
- To Environmental protection
- To Quality
- To Compliance

Innovation

Solution that is efficient and Simple

We provide end-to-end Waste Management and Industrial Cleaning service as below:

THERMAL DESORPTION SERVICES

- Drilling Waste
- Oily sludge
- Oil contaminated soil



HAZARDOUS WASTE INCINERATION SERVICES

- Medical & other Hazardous waste.



INDUSTRIAL CLEANING & DECONTAMINATION

- Tank and Vessel Cleaning (including FPSO desludging)
- Heat Exchanger/Chiller Cleaning
- Water Jetting & Blasting (Surface Leaning & Rust removal, Paint & Coating Removal)
- Surface Preparation



E-WASTE SERVICES

- Large Household Appliances (LHA: ovens, refrigerators, etc.)
- Small Household Appliances (SHA; toasters, vacuum cleaners),
- Office and Communication Devices (OCD: computers, printers, scanners, phones, etc.)
- Data Destruction Services
- Bulb crushing
- CFC Recovery



ASBESTOS MATERIAL MANAGEMENT

Removal & Packing
Trans-boundary movement
Disposal



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. Tope Odeshi | Manager, E-waste |
| 6. | Mr. Mavis Okonye | Manager, Support Services |
| 7. | Mr. Felix Aigbonohan | Manager, Innovation & Opportunity |
| 8. | Dr. Rosemary Douglas | Chief Financial Officer |
| 9. | Mr. Bimbo Adams-Ajigbotaje | Chief Internal Auditor |
| 10. | Mr. Preston Djebah | Manager, Cleaning and Decontamination |
| 11. | 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
Stanbic IBTC Bank, Gacoun Plaza, Opposite K Close, 23
Road, Festac Town, Lagos.
Access (Diamond) Bank, Oyigbo Branch, Aba Rd, PHC
Providus Bank Plc, 54, Adetokumbo Ademola St, VI, Lagos

MEMBERS OF AUDIT COMMITTEE:

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

REGISTRARS:

Apel Capital Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent
South-West Ikoyi.
Lagos. Tel No: 01-2932121, 07046126698, www.apel.com.ng.

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 Decontamination



NOTICE OF THE 22ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of Shareholders of The Initiates Plc. (TIP) shall hold by proxy on Tuesday, 25th May 2021 at the Conference Hall, Bon Hotel at LA Kings, 31 Ken Saro wiwa street, former Stadium road, Rumuomasi, Port Harcourt, 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, 2020, the report of the Directors, the Audit Committee, Auditors Report therein.
2. To re-elect Chief Charles Oboh as a Director;
To re-elect Mr. Joseph Ebinum as a Director.
3. To re-appoint the Audit firm of Madu, Onyekwena & co. as the Company's External Auditors
4. To authorize the Directors to fix the remuneration of Auditors.
5. To appoint/ re appoint members of the Audit Committee.
6. To disclose remuneration of Managers

Special Business:

7. 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 | Non-Executive Director |
| d. Mr. Joseph Ebinum | Non-Executive Director |
| e. Mr. Christian Ugochukwu Nwanma | Chairman, Audit Committee |

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 Friday, 21st May 2021 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 10th to the 14th May, 2021 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, 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 404(6) of the Companies and Allied Matters Act 2020, 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. 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 2020 Annual Report and Accounts of the Company shall be made available on the Company's website; www.initiatesgroup.com

Dated this 25th day of March 2021

By Order of the Board



Olaide Odejobi
Company Secretary
FRC/2017/NBA/00000016739

CHAIRMAN'S STATEMENT



Dear Shareholders, I am delighted to welcome you all to the 22nd Annual General Meeting of our esteemed Company, The Initiates Plc (TIP) and to present to you the Annual report and financial statements of the Company for the financial year ended December 31st 2020. In light of the global pandemic of COVID 19, we are still encouraged 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 Disease (COVID 19). At this juncture, 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.

DOMESTIC ENVIRONMENT:

The year 2020 was a year like no other for TIP, just as it has been for the wider world. The COVID-19 pandemic posed significant unforeseen challenges for all businesses, including TIP. The Company experienced Contract re-negotiation which was almost unilateral in the industry coupled with the ever-rising inflation and projects which generally demanded very high logistics cost. Although the Company started the year on a fair note; of course, the pandemic had significant repercussions. However, the transformative organizational changes and the resilience that we built into the Company's activities have enabled us to navigate the uncertainty with confidence and rigor.

Despite the global pandemic, our first priority was to protect the health, safety and wellbeing of our people. We quickly redesigned our modus operandi which included operating a 2 weeks shift for all our staff to make us COVID-secure and compliant with social distancing guidelines. We also took significant steps to upgrade our Incineration Plant to enable continuous feeding and good chemical waste destruction. Also, the Thermal Desorption Unit was upgraded to improve oil extraction and closeout possibility of fire and explosion in our operations. In a deliberate attempt towards diversifying the Company's market sector, we also secured an Incineration project which involved recycling of plastic materials.

It is worthy to mention that, although the past year has been one of significant challenges, we have emerged a better business for it as we were ISO certified in ISO 9001:2005 and ISO 14001:2005. With our internal capabilities aligned to our global growth ambitions, we are ready for whatever the future may hold.

REVIEW OF THE GLOBAL ECONOMY:

The impact of the outbreak of Corona Virus Disease (COVID 19) on the global economy represents one of the largest economic shock the world experienced in decades as it not only affected financial markets; but also triggered unprecedented collapse in oil demand and a crash in oil prices which made it difficult for businesses to service debt, resulted in heightened risk aversion which led to rising borrowing costs, and bankruptcies as well as a sharp decline in GDP. According to "The International Monetary Fund" there is a growing disconnect between the pricing of risk in financial markets and projected economic prospects, because investors apparently expect a quick recovery based on continued and unprecedented central bank intervention.

Corporate and household debt levels in developed and some emerging economies that could become unmanageable in a prolonged recession; a rising number of insolvencies that could test the resilience of the banking sector; additional stresses that could affect nonbank financial institutions; and the prospect of some economies facing high external financing requirements are



considered as a number of pre-existing vulnerabilities that could affect the rate of economic recovery.

LOOKING TOWARDS A SUSTAINABLE FUTURE OF CONTINUED GROWTH:

Even in these difficult times, we must never lose sight of the big picture. Alongside improving our fiscal performance, our mandate is aimed at continuously driving a professional, innovative and safe approach in our operations in order to facilitate industry and man co-existence.

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, and commitment in our Company during the most turbulent of times. 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 all for participating at this Annual general meeting. May God bless you and bless our dear company The Initiates Plc, Amen.

Dated this 25th day of March 2021



Joe Ogbonna Anosikeh
Chairman
FRC/2014/NIS/00000008836

OUR BOARD OF DIRECTORS AS AT 31ST DECEMBER, 2020



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 member 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 Kagher & 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.



DOUGLAS Rosemary (PhD, FCA): (*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. 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.



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.ODEJOB I 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.

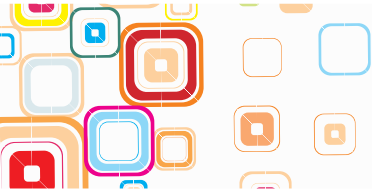
MANAGEMENT COMMITTEES:

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 reportation for goods and services, assessment of market trends;



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, 2020.

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 Exchange Limited (NGX) 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:

S/N	ITEMS	DEC 31ST 2020	DEC 31ST 2019	CHANGE
		N'M	N'M	%
1	REVENUE	469.38	550.22	(14.69)
2	PROFIT BEFORE TAX	(5.68)	95.82	(105.93)
3	INCOME TAX EXPENSE	(78.14)	(53.55)	45.92
4	PROFIT AFTER TAX	(83.82)	42.27	(298.31)
5	NON CURRENT ASSET	855.14	864.21	(1.05)
6	OTHER NON CURRENT ASSET	10.00	-	100.00
7	CURRENT ASSET	279.20	285.09	(2.07)
8	TOTAL ASSET	1,144.34	1,149.30	(0.43)
9	CURRENT LIABILITY	191.62	129.48	47.99
10	NON CURRENT LIABILITY	108.91	92.19	18.15
11	TOTAL LIABILITY	300.53	221.67	35.58
12	WORKING CAPITAL	87.59	155.61	(43.71)

4. Property, Plant & Equipment: Movements in plant, property and equipment during the year are as reflected in notes 15 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.

6. Directors' interest in shares: In accordance with section 301 of the Companies and Allied Matters Act, (CAMA) 2020 and the Listing requirement of the NGX, the direct and Indirect interest of the Directors' shareholding as advised by the Registrars of the Company are



Year	Names of Directors	Direct Shareholding	Indirect Shareholding
31 st 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
31 st Dec, 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	37,550,000
25th March, 2021	Mr. Joe Ogbonna Anosikeh	20,295,796	
	Mr. Reuben Mustapha Ossai	190,695,237	
	Chief Charles Oboh	1,000,000	
	Prof. Edward Alikor	1,126,761	
	Mr. Joseph Ebinum	NIL	37,550,000

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 303 of CAMA 2020, no Director has any interest (directly/indirectly) in any contract or proposed contract with the Company as at 31st December, 2020 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, 2020:

Dvcf Oil And Gas Plc	322,828,822	35.87%	Not represented on the Board
Ossai Reuben Mustapha	190,695,237	21.19%	Represented (Executive Director)
Samuel Afolayan	65,453,152	7.27%	Not represented on the Board
Oboh-Ozoherebe Gordon	58,568,412	6.51%	Not represented on the Board

Statement of Declaration: Aside from the four (4) substantial shareholders, NO other individual(s) holds 5% and above of the issued and fully paid shares of the Company as at 31st December, 2020 or the date of this return.

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. Donations: There was no donation during the year under review.

13. 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 Exchange Limited's rules, the Company's free float as at 31st December, 2019 is above 20%.

SHAREHOLDING STRUCTURE AND FREE FLOAT STATUS AS AT THE PERIOD ENDED 31ST DECEMBER 2020

COMPANY NAME: THE INITIATES PLC.
 BOARD LISTED: GROWTH BOARD
 YEAR END: DECEMBER REPORTING PERIOD
 HALF YEAR: 31ST DECEMBER 2020
 SHARE PRICE AT END OF REPORTING PERIOD: N0.52 (2019: N0.65)

DESCRIPTION	2020		2019	
	UNITS	PERCENTAGE (IN RELATION TO ISSUED SHARE CAPITAL) %	UNITS	PERCENTAGE (IN RELATION TO ISSUED SHARE CAPITAL) %
Issued Share Capital @ 50 Kobo per share	900,000,000	100%	900,000,000	100%
Details of Substantial Shareholdings (5% and above)				
DVCF OIL & GAS PLC	322,828,822	35.87	332,174,967	36.91
OSSAI REUBEN M	190,695,237	21.19	190,695,237	21.19
AFOLAYAN SAMUEL	65,453,152	7.27	65,453,152	7.27
OBOH-OZOHEREBE GORDON	58,568,412	6.51	58,568,412	6.51
Total Substantial Shareholdings	637,545,623	70.84	646,891,768	71.88
Details of Directors Shareholdings (direct and indirect), excluding directors' holding substantial interests				
ANOSIKEH JOE OGBONNA	18,295,796	2.03	18,295,796	2.03
ALIKOR ACHI EDWARD	1,126,761	0.13	1,126,761	0.13
EBINUM JOSEPH (INDIRECT - BELL IYKE LIMITED)	37,550,000	4.17	34,550,000	3.84
OBOH CHARLES AROAWODE	1,000,000	0.11	1,000,000	0.11
Total Directors' Shareholdings	57,972,557	6.44	54,972,557	6.11
Details of Other Influential shareholdings, if any (E.g. Government, Promoters)				
EMPLOYEES	5,432,282	0.60	5,432,282	0.60
Total of Other Influential Shareholdings	5,432,282	0.60	5,432,282	0.60
Free Float in Unit and Percentage	199,049,538	22.12	192,703,393	21.41
Free Float in Value	N134,892,375.10		N125,257,205.45	

(A) THE INITIATES Plc with a free float percentage of 22.12% as at 31st December 2020, is compliant with The Exchange's free float requirements for companies listed on the GROWTH Board.
 (B) THE INITIATES Plc with a free float percentage of 21.41% as at 31st December 2019, is compliant with The Exchange's free float requirements for companies listed on the ASEM Board.

14. Auditors: The Auditors, Messer's Madu, Onyekwena & co. indicated their willingness to continue in office in accordance with section 401 (1) and (2) of the Companies and Allied Matters Act, CAMA 2020.

Dated this 25th Day of March, 2021

By Order of the Board



Company Secretary
 FRC/2017/NBA/0000001679





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 2020, Post listing rules of the Nigerian Exchange Limited, 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)

	<u>Membership Status</u>
Christian Ugochukwu Nwanma	Shareholder/Chairman
Mr. Enoch Iwueze	Shareholder/member
Prof. Edward Alikor	Director/member
Mr. Joe Ebinum	Director/member

Committee (Corporate Governance/Compensation)

	<u>Membership Status</u>
Oboh Charles .A.	Chairman/N.E.D
Mr. Joe Ebinum	Member
Prof. Edward Alikor	Member

Committee (Risk and HSE)

	<u>Membership Status</u>
Prof. Edward Alikor	Chairman/N.E.D
Ossai, Reuben Mustapha	Member
Oboh Charles .A.	Member

BOARD MEETINGS HELD AS AT 31ST DECEMBER, 2020: (“x” for Present)

Board Meeting	16/4/20	29/6/20	29/7/20	29/10/20	Attendance
Reuben Mustapha Ossai	X	X	X	X	4
Joe Ogbonna Anosikeh	X	X	X	X	4
Prof. Edward Alikor	X	X	X	X	4
Charles Aroawode Oboh	X	X	X	X	4
Mr. Joseph Ebinum	X	X	X	X	4

AUDIT COMMITTEE MEETINGS HELD AS AT 31ST DECEMBER, 2020: (“x” for Present)

Audit Committee	16/4/20	29/6/20	29/7/20	29/10/20	Attendance
Christian Ugochukwu Nwanma	X	X	X	X	4
Prof. Edward Alikor	X	X	X	X	4
Mr. Joseph Ebinum	X	X	X	X	4
Sir. Enoch Iwueze	X	X	X	X	4
	X	X	X	X	4

There were no other Board Committee Meetings during the year under review.



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 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:
 - a. The Complaints/enquiries are recorded
 - b. Prompt and timely response is given to the Complaints
 - c. The Nigerian Stock Exchange is promptly notified of the Complaints/enquiries
 - d. 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 Complaint
 - 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.

During the year under review, no insider including employees, Directors participated in any insider dealing or assisted any member or any person to participate in such insider dealing in compliance with the trading policy.



OLAIDE ODEJOB
Company Secretary
FRC/2017/NBA/00000016739



STATEMENT OF
DIRECTORS' RESPONSIBILITY
FOR THE YEAR ENDED 31ST DECEMBER, 2020

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:

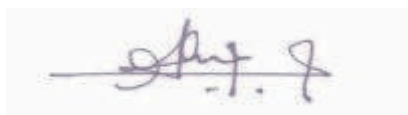
- a. Keeps proper Accounting records which discloses with reasonable accuracy, at any time, the financial position of the Company;
- b. Prepares the Financial statements in compliance with the provisions of the Companies and Allied Matters Act as well as the International Financial Reporting Standards;
- 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, 2020.

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, 2020. 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



REPORT OF INDEPENDENT AUDITORS



Madu, Onyekwena & Co.
(Chartered Accountants)

11 Birabi Street GRA Phase 1 (Old - 23/25 Birabi Street, GRA 1) P.O. Box 12279 Port Harcourt.
+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 2020 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 6 to 55.

In our opinion, the financial statements give a true and fair view of the financial position of **The Initiates Plc** as at 31 December 2020, 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 2020, 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 International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with other ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

Revenue recognition

The Company complies with IFRS 15 which establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Estimates and judgements are made in determining the amount of revenue to be recognised for the contracts that span another reporting period. IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. As these contracts sometimes span a number of reporting periods, changes in the estimate of total contract costs or the inappropriate recording of costs around the year end could result in material amounts of revenue and costs being recorded in an inappropriate period. This was considered of significance in our audit.

How the matter was addressed in the audit

Our audit procedures include:

1. Tested the company's controls around revenue recognition to determine whether these controls were operating effectively throughout the financial year.
2. Checked the contract agreements and/or purchase orders for the related period and rates applied.

3.

Audit -Tax -Consulting -Financial Advisory





3. Performed test of details on the accrued revenue and accounts receivable balances recognized in the statement of financial position at the year end.
4. Performed cut-off tests to ascertain that revenue has been recognized in the proper accounting period.
5. Reviewed the costs associated with these contracts to ascertain that the costs relating to the revenue recognised, were recorded in the proper accounting period.

Our substantive test did not reveal any material misstatements.

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors, Officers and Other Corporate Information, Report of the Directors, Corporate Governance Report, Directors' Responsibilities in Relation to the Financial Statements and Report of the Audit Committee 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 2020, 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

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.

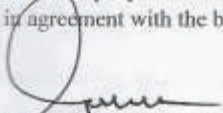
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 2020, 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.


Mr. Chinedu Onyekwena
FRC/2013/ICAN/00000004886
For: Madu, Onyekwena & Co.
Chartered Accountants
Port Harcourt, Nigeria
25 March, 2021



REPORT OF THE AUDIT COMMITTEE

In compliance with Section 404(7) of the Companies and Allied Matters 2020, and Section 60(2) of the Investment and Securities Act 2007, we have reviewed the Audit report for the year ended 31st December, 2020 and hereby state as follows:

1. We examined the scope and planning of the audit for the year ended 31st December 2020; 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 2020 are in accordance with legal requirements and agreed with ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2020 was adequate and Management's response to Auditors' findings thereon were satisfactory.

Dated 24th March, 2021



NWANMA UGOCHUKWU CHRISTIAN FCA

Chairman

FRC/2017/ICAN/00000016424

Members of the Committee:

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

Continuing Operations	Note	2020 N	2019 N
Revenue	6	469,379,791	550,218,779
Cost of sales	7	<u>(324,980,699)</u>	<u>(298,134,283)</u>
Gross profit		144,399,092	252,084,496
Other income	8	5,989,484	30,140,845
Administrative expenses	9	<u>(150,153,649)</u>	<u>(156,251,052)</u>
Result from operating activities	11	234,927	125,974,289
Finance cost	12	<u>(5,918,075)</u>	<u>(30,153,731)</u>
Loss/(profit) before tax		(5,683,148)	95,820,558
Income tax expense	13.1	<u>(78,141,363)</u>	<u>(53,551,712)</u>
(Loss)/profit for the year		<u><u>(83,824,511)</u></u>	<u><u>42,268,846</u></u>
Other Comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gain/loss	14	-	-
Revaluation surplus on property, plant and equipment	15.3	-	<u>221,263,007</u>
Total items that will not be reclassified to profit or loss		<u>-</u>	<u>221,263,007</u>
Items that may be reclassified to profit or loss:		<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>-</u>	<u>221,263,007</u>
Total comprehensive income for the year		<u><u>(83,824,511)</u></u>	<u><u>263,531,853</u></u>
Earnings per share			
Basic and diluted earnings per share (kobo)	16	<u>(9)</u>	<u>5</u>

The notes on pages 11 to 55 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 N	2019 N
Assets			
Non-current assets			
Property, plant and equipment	15	855,137,712	864,209,717
Other non-current assets	17	10,000,000	-
Current assets			
Inventories	18	5,115,611	8,063,918
Trade and other receivables	19	126,061,106	142,477,084
Cash and cash equivalents	20	8,641,088	13,421,682
Current tax assets	21	125,401,944	116,863,352
Other current assets	22	13,981,405	4,264,376
Total current assets		279,201,154	285,090,412
Total Assets		1,144,338,866	1,149,300,129
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	303,473,535
Retained earnings	26	77,564,598	161,389,109
Total equity		843,808,909	927,633,420
Non-current liabilities			
Deferred tax liabilities	13.4	108,914,292	92,186,159
Current liabilities			
Trade and other payables	27	46,706,252	52,677,285
Provisions	28	-	13,482,130
Current tax liabilities	13.2	61,106,615	17,602,350
Other current tax liabilities	29	64,184,506	43,663,784
Employees' benefits	30	2,618,292	2,055,001
Borrowings	31	17,000,000	-
Total current liabilities		191,615,665	129,480,550
Total liabilities		300,529,957	221,666,709
Total equity and liabilities		1,144,338,866	1,149,300,129

These financial statements were approved by the Board of Directors on 25 March, 2021 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/NIAECHI/00000009687

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

The notes on pages 11 to 55 form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Share capital N	Share premium N	Revaluation reserve N	Retained earnings N	Total Equity N
At 1 January	444,990,776	17,780,000	303,473,535	161,389,109	927,633,420
Loss for the year	-	-	-	(83,824,511)	(83,824,511)
At 31 December	444,990,776	17,780,000	303,473,535	77,564,598	843,808,909

YEAR ENDED 31 DECEMBER 2019

	Share capital N	Share premium N	Revaluation reserve N	Retained earnings N	Total Equity N
At 1 January	444,990,776	17,780,000	82,210,528	163,619,341	708,600,645
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 15.3)	-	-	221,263,007	-	221,263,007
At 31 December	444,990,776	17,780,000	303,473,535	161,389,109	927,633,420

STATEMENT OF CASHFLOW

	Note	2020 N	2019 N
Cash flows from operating activities			
(Loss)/profit after tax		(83,824,511)	42,268,846
Adjustment to reconcile (loss)/profit to net cash provided by operating activities;			
Depreciation		42,973,141	41,090,624
Interest received		(100,844)	(1,236,417)
Finance cost		5,918,075	30,153,731
Loss on sale of property, plant and equipment		1,441,250	-
Changes in working capital:			
Increase in other non-current assets		(10,000,000)	-
Decrease/(increase) in inventories		2,948,307	(4,355,551)
Decrease in trade and other receivables		16,415,978	144,759,186
Increase in current tax assets		(8,538,592)	(19,645,349)
(Increase)/decrease in other current assets		(9,717,029)	2,168,525
Increase in non-current liabilities		16,728,133	37,808,446
Decrease in trade and other payables		(6,239,878)	(104,370,851)
Increase in employees benefits		563,291	1,936,753
Increase in current tax liabilities		48,416,574	625,782
Increase in other current tax liabilities		20,520,722	8,850,496
Decrease in provisions		(13,482,130)	(22,546,581)
Cash used by operations		24,022,487	157,507,640
Tax paid		(4,912,309)	(3,665,349)
Net cash used in operating activities		19,110,178	153,842,291
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	(36,342,386)	(28,203,883)
Proceeds from sale of property, plant and equipment		1,000,000	-
Interest received	8	100,844	1,236,417
Net cash used in investing activities		(35,241,542)	(26,967,466)



Cash flows from financing activities

Borrowings		17,000,000	103,340,360
Repayment of borrowings		-	(223,340,360)
Unclaimed dividends returned		-	2,144,398
Interest on unclaimed dividends		268,845	-
Dividends paid		-	(44,499,078)
Finance cost	12	<u>(5,918,075)</u>	<u>(30,153,731)</u>
Net cash used by financing activities		<u>11,350,770</u>	<u>(192,508,411)</u>
Net decrease in cash and cash equivalents		(4,780,594)	(65,633,586)
Cash and cash equivalents at 1 January		<u>13,421,682</u>	<u>79,055,268</u>
Cash and cash equivalents at 31 December	20	<u><u>8,641,088</u></u>	<u><u>13,421,682</u></u>



NOTES TO THE FINANCIAL STATEMENT

1. General Information

1.1 Reporting entity

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 registered address of the Company is located at Plot 400, Shell Location Road, Off Aba/PH Expressway, By Oyigbo Junction, Umuebule 5, Rivers State.

1.2 Principal activities

The company's principal activities include waste management services, E-waste management services and industrial cleaning and decontamination services.

1.3 Financial period

These financial statements cover the financial period from 1 January 2020 to 31 December 2020, with comparative for year ended 31 December 2019.

2. Significant Accounting Policies

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

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act 2020 and the Financial Reporting Council (FRC) of Nigeria Act, 2011.

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

The financial statements are authorised for issue by the Company's Board of Directors on 25 March 2021.



NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

**Required to be
implemented for
periods beginning
on or after**

Pronouncement	Nature of change	
c. IFRS 16: Leases	<p>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.</p> <p>Applying that model, a lessee is required to recognise:</p> <p>(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value; and</p> <p>(b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.</p> <p>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.</p>	1 January 2019
d. Amendments to IFRS 9 - Financial Instruments (Prepayment features with negative compensation)	<p>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.</p>	1 January 2019



NOTES TO THE FINANCIAL STATEMENTS

		Required to be implemented for periods beginning on or after
Pronouncement	Nature of change	
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
g IFRIC 23 Uncertainty over Income Tax Treatment	<p>IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to: (i) determine whether uncertain tax positions are assessed separately or as a group; and (ii) assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.</p> <p>On initial application of IFRIC 23, an entity shall apply this Interpretation either: (a.) retrospectively applying IAS 8, if that is possible without the use of hindsight; or (b.) retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application. If an entity selects this transition approach, it shall not restate comparative information.</p>	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

Required to be implemented for periods beginning on or after

Pronouncement Nature of change

Instead, the entity shall recognise the cumulative effect of initially applying the Interpretation as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate). The date of initial application is the beginning of the annual reporting period in which an entity first applies this Interpretation.

In terms of applying IFRIC 23, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty: (a.) the most likely amount – the single most likely amount in a range of possible outcomes. The most likely amount may better predict the resolution of the uncertainty if the possible outcomes are binary or are concentrated on one value. (b.) the expected value – the sum of the probability weighted amounts in a range of possible outcomes.

h	Amendments to IFRS 3 - Definition of Business	The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.	1 January 2020
i	Amendments to IAS 1 and IAS 8 - Definition of Material	In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.	1 January 2020
j	Revised Conceptual Framework for Financial Reporting	These amendments were issued in March 2018. Included in the revised conceptual framework are revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure. The amendments focused on areas not yet covered and areas that had shortcomings.	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

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.

	Page number
4.1 Foreign currency	16
4.2 Financial instruments	16
4.3 Property, plant and equipment	22
4.4 Inventories	24
4.5 Impairment of non-financial assets	24
4.6 Employee benefits	25
4.7 Provisions	26
4.8 Contingent liabilities	26
4.9 Statement of Cash flows	26
4.10 Revenue	27
4.11 Income taxes	28
4.12 Dividends	29
4.13 Earnings per share	29
4.14 Segment reporting	29
4.15 Related parties	29

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 IFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

I 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".



NOTES TO THE FINANCIAL STATEMENTS

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;

NOTES TO THE FINANCIAL STATEMENTS

- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments 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;



NOTES TO THE FINANCIAL STATEMENTS

(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, whichever 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.

NOTES TO THE FINANCIAL STATEMENTS

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.



NOTES TO THE FINANCIAL STATEMENTS

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or 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.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets are reviewed annually to ensure that impairment has not occurred. They are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. Impairment losses are measured as the difference between the carrying amount and the recoverable amount, which is the higher of the asset's fair value less costs to sell and its value in use, as determined by the amount of estimated risk adjusted future cash flows. Impairment losses are recognised in income statement in the period in which they are incurred.

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.

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 asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.



NOTES TO THE FINANCIAL STATEMENTS

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 generating unit (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.



NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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.



NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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 and diluted 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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.



NOTES TO THE FINANCIAL STATEMENTS

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. Estimated useful lives and residual values of property, plant and equipment

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

b. 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.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
6. Revenue		
Revenue from contracts with customers		
Rendering of services	<u>469,379,791</u>	<u>550,218,779</u>

Segment information

The Company has three (3) reportable segments based on the business operations.

Segment revenue and results

The following is an analysis of the Company's revenue and results from continuing operations by reportable segment:

	2020			2019		
	Segment Revenue N	Segment Cost of Sales N	Segment Gross Profit N	Segment Revenue N	Segment Cost of Sales N	Segment Gross Profit/(Loss) N
Industrial cleaning services	34,091,612	(32,245,902)	1,845,710	191,530,969	(71,108,845)	120,422,124
E-waste services	131,449,030	(38,871,814)	92,577,216	3,976,500	(6,037,848)	(2,061,348)
Waste management services	303,839,149	(253,862,983)	49,976,166	354,711,310	(220,987,590)	133,723,720
	<u>469,379,791</u>	<u>(324,980,699)</u>	<u>144,399,092</u>	<u>550,218,779</u>	<u>(298,134,283)</u>	<u>252,084,496</u>

	2020 N	2019 N
7. Cost of sales		
Waste Collection and Haulage	162,535,799	130,721,110
Waste Disposal	3,353,745	4,590,456
Hiring of equipment	11,073,451	19,148,768
Diesel and lubricants	1,349,474	11,216,472
Repairs and Maintenance	14,981,953	17,798,973
Employee costs (note 10)	15,718,040	12,586,914
Transport and travelling	2,979,946	4,340,137
Consumables	21,836,597	28,680,185
Depreciation (note 15)	34,639,551	33,564,025
Direct wages	8,351,987	11,750,880
Community relations and security	30,341,980	7,163,884
Compliance	15,114,981	8,442,699
Other direct costs	2,703,195	8,129,780
	<u>324,980,699</u>	<u>298,134,283</u>

8. Other income		
Equipment rental	-	1,510,000
Interest received	100,844	1,236,417
Foreign exchange gains (note 8.1)	5,802,191	27,334,790
Sundry income	86,449	59,638
	<u>5,989,484</u>	<u>30,140,845</u>

8.1 Foreign exchange gains

Gains from translation of foreign currency transactions in the year	4,534,337	27,334,790
Gains from translation of foreign currency balances at year end	1,267,854	-
	<u>5,802,191</u>	<u>27,334,790</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
9. Administrative expenses		
Directors' emolument	11,077,200	12,913,200
Directors' allowances and expenses	4,018,712	5,798,462
Directors' fees	2,250,000	2,250,000
Transport and travelling expenses	2,333,019	4,012,670
Legal and professional fees	7,389,232	5,247,574
Employee costs (note 10)	55,797,420	60,186,234
Electricity	1,592,830	676,837
Fuel and diesel	5,574,919	9,209,331
Licenses and levies	1,306,468	1,821,925
Donation & Gift	1,420,000	735,500
Depreciation (note 15)	8,333,590	7,526,599
Repairs and maintenance	5,747,325	2,747,650
Printing and stationery	788,917	1,107,206
Insurance	3,877,650	4,122,883
Telephone and postage	851,790	928,585
Entertainment	601,400	840,800
Internet expenses	2,304,875	689,500
Industrial Training Fund	877,497	1,064,015
Bank charges	1,138,407	2,698,248
Training expenses	835,000	440,000
Local content tax	3,664,385	6,079,505
Subscription	942,239	1,378,407
Meal expenses	3,197,400	2,539,900
Corporate social responsibility	1,040,000	150,000
Balances written off	3,000	3,286,338
Advertisement	567,000	383,847
Bad debt written off	-	40,671
Auditors' remuneration	2,000,000	2,500,000
Security expenses	1,600,670	-
Provision for doubtful debts	5,687,639	13,089,410
Loss on sale of asset	1,441,250	-
Office and general expenses	2,086,071	1,785,755
VAT	8,107,872	-
WHT	1,699,872	-
	150,153,649	156,251,052
10. Employee information		
Employee costs		
Salaries and allowances	59,549,009	59,443,411
Employer's pension contribution	5,121,718	5,533,500
Staff welfare	1,810,039	2,388,736
Medical expenses	5,034,694	5,407,501
	71,515,460	72,773,148

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
Total employee costs recognised in profit or loss		
Cost of sales	15,718,040	12,586,914
Administrative expenses	<u>55,797,420</u>	<u>60,186,234</u>
	<u>71,515,460</u>	<u>72,773,148</u>

Average number of persons employed during the year	Number	Number
Management	11	10
Senior Staff	12	13
Junior Staff	<u>26</u>	<u>28</u>
	<u>49</u>	<u>51</u>

The table shows the number of employees (excluding Directors), whose earnings during the year, fell within the ranges shown below:

	Number	Number
N100,000 - N500,000	3	15
N500,001 - N1,000,000	19	14
N1,000,001 - N1,500,000	13	9
N1,500,001 and above	<u>14</u>	<u>13</u>
	<u>49</u>	<u>51</u>

11. Result from operating activities is stated after taking into account the undernoted items;	2020 N	2019 N
Directors' emoluments:		
- Fees	2,250,000	2,250,000
- Others	15,095,912	18,711,662
Depreciation	42,973,141	41,090,624
Auditors' remuneration	<u>2,000,000</u>	<u>2,500,000</u>

12. Finance cost

This represents interests charged on loans obtained from other sources and also a fee charged by Bank of Industry for the revalidation of the offer of a term loan facility of N998.6 million.



NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
Other financial charges	4,993,075	5,296,549
Interest on loans	925,000	24,857,182
	5,918,075	30,153,731
13. Taxation		
13.1 Income tax expense		
Company income tax	4,333,774	12,990,332
Education tax	999,180	2,752,934
	5,332,954	15,743,266
Prior year under-provision (note 13.1.1)	56,080,276	-
Current tax expense	61,413,230	15,743,266
Deferred tax (note 13.4)	16,728,133	37,808,446
Income tax expense as per profit or loss	78,141,363	53,551,712
13.1.1 Prior year under-provision		
This represents tax liabilities arising from the tax audit carried out in 2020 by the Federal Inland Revenue Service on the accounts of 2012 - 2017.		
13.2 Current tax liabilities		
Movement in Income tax liabilities		
At 1 January	17,602,350	20,641,917
Prior year under-provision (note 13.1.1)	56,080,276	-
Payments during the year	(4,912,309)	(3,665,349)
Tax charge for the year	5,332,954	15,743,266
Withholding tax credit notes applied	(12,996,656)	(15,117,484)
At 31 December	61,106,615	17,602,350
13.3 Reconciliation of effective tax rate		
(Loss)/profit for the year before tax	(5,683,148)	95,820,558
Income tax using the company's domestic tax rate of 30%	(1,704,944)	28,746,167
Education tax using tax rate of 2%	(113,663)	1,916,411
Tax effect on expenses not deductible for tax purposes	17,805,483	13,384,360
Tax effect on capital allowances	(9,991,797)	(27,529,336)
Tax effect on tax incentives	(662,125)	(774,336)
Under-provision in prior year	56,080,276	-
Income tax expense excluding deferred tax	61,413,230	15,743,266
Effective tax rate	-1081%	16%

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

13.4 Deferred tax liabilities

	Accelerated tax depreciation	Revaluation surplus	Total
	N	N	N
At 1 January 2019	54,377,713	-	54,377,713
Movement in the year	<u>15,682,146</u>	<u>22,126,300</u>	<u>37,808,446</u>
At 31 December 2019	70,059,859	22,126,300	92,186,159
Movement in the year	<u>16,728,133</u>	<u>-</u>	<u>16,728,133</u>
At 31 December 2020	<u>86,787,992</u>	<u>22,126,300</u>	<u>108,914,292</u>

14. Defined benefit plan

The Company does not have gratuity as at 31 December 2020.

15. Property, Plant and Equipment

15.1 Summary

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

	2020	2019
	N	N
Land	43,600,000	43,600,000
Buildings	167,187,100	170,073,340
Plant and Machinery	633,125,255	638,135,241
Furniture and Fittings	2,361,230	3,617,574
Office & HSE Equipment	<u>8,864,127</u>	<u>8,783,562</u>
	<u>855,137,712</u>	<u>864,209,717</u>



NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

15.2 Analysis of Property, Plant and Equipment

	Land	Buildings	Plant and Machinery	Furniture and Fittings	Office & HSE Equipment	Total
		N	N	N	N	N
Deemed Cost						
At 1 January 2019	-	185,592,566	541,211,124	5,528,500	9,586,210	741,918,399
Revaluation surplus (note 15.3)	-	31,407,435	112,319,226	104,600	1,868,090	145,699,351
Adjustment	-	-	(3,150,000)	-	(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	28,208,883
Disposals	-	-	-	-	-	-
At 31 December 2019	43,600,000	174,098,400	676,191,541	5,633,100	12,171,092	911,694,133
Reclassification	-	-	-	(209,700)	209,700	-
Additions in the year	-	597,720	32,070,816	955,000	2,718,850	36,342,386
Disposals	-	-	(2,700,000)	-	-	(2,700,000)
At 31 December 2020	43,600,000	174,696,120	705,562,357	6,378,400	15,099,642	945,336,519
Accumulated Depreciation and impairment loss						
At 1 January 2019	-	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
Reclassification	-	-	-	(69,893)	69,893	-
Charge for the year	-	3,483,960	34,639,552	2,071,537	2,778,092	42,973,141
Disposals	-	-	(258,750)	-	-	(258,750)
At 31 December 2020	-	7,509,020	72,437,102	4,017,170	6,235,515	90,198,807
Carrying amount						
At 31 December 2020	43,600,000	167,187,100	633,125,255	2,361,230	8,864,127	855,137,712
At 31 December 2019	43,600,000	170,073,340	638,135,241	3,617,574	8,783,562	864,209,717

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

15.3 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/2012/00000000254) 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.

	2020	2019
	N	N
15.4 Depreciation		
Cost of sales	34,639,551	33,564,025
Administrative expenses	8,333,590	7,526,599
	<u>42,973,141</u>	<u>41,090,624</u>

15.5 Security

There were no assets pledged as security as at 31 December 2020.

16. Earnings per Share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders by weighted average number of ordinary shares outstanding during the year.

	2020	2019
	N	N
(Loss)/profit attributable to ordinary shareholders (in naira)	<u>(83,824,511)</u>	<u>42,268,846</u>
Number of ordinary shares issued and fully paid for basic earnings per share (in number)	<u>889,981,552</u>	<u>889,981,552</u>
Number of ordinary shares issued and fully paid for diluted earnings per share (in number)	<u>889,981,552</u>	<u>889,981,552</u>
Basic and diluted earnings per share (kobo)	<u>(9)</u>	<u>5</u>

17. Other non-current assets

These represent non-current portion of security and community expenses paid in 2020 which was spread over 3 years.

Prepaid security and community expenses	<u>10,000,000</u>	<u>-</u>
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
18. Inventories		
Diesel	939,126	3,784,544
QHSE Consumables	980,389	1,423,270
Stationeries	224,092	254,204
Technical/Electrical items	2,895,340	2,571,100
Other consumables	76,664	30,800
	<u>5,115,611</u>	<u>8,063,918</u>

The value of inventories recognised as an expense during the year was N26.80 million (2019: N33.40 million).

No inventory was pledged as security during the year.

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

19. Trade and other receivables

Trade receivables (note 19.1)	118,774,639	135,472,885
Staff loans and advances (19.2)	970,466	912,598
Receivable due from related parties (note 19.3)	6,307,001	6,091,601
Other receivables	9,000	-
	<u>126,061,106</u>	<u>142,477,084</u>

19.1 Trade receivables

Receivables from customers	144,809,054	155,819,661
Allowance for expected credit losses (note 19.1.1)	(26,034,415)	(20,346,776)
	<u>118,774,639</u>	<u>135,472,885</u>

Ageing of trade receivables

Current	67,031,021	-
1 - 30 days past due	-	-
31 - 60 days past due	10,069,574	24,608,735
61 - 90 days past due	-	24,545,817
Over 90 days past due	67,708,459	106,665,109
	<u>144,809,054</u>	<u>155,819,661</u>

19.1.1 Movement in allowance for credit losses

At 1 January	20,346,776	7,257,366
Allowance for the year	5,687,639	13,089,410
At 31 December	<u>26,034,415</u>	<u>20,346,776</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

	2020	2019
	N	N
19.2 Key management personnel and staff loans		
Loan to key management personnel	-	-
Staff loans and advances	973,466	953,269
Allowance for expected credit losses	(3,000)	(40,671)
	<u>970,466</u>	<u>912,598</u>

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.

	2020	2019
	N	N
Due from		
The Initiates Uganda Limited - Pre-Incorporation expenses	<u>6,307,001</u>	<u>6,091,601</u>

b. Relationship with key management Personnel

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

Transactions

In the previous 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.

	2020	2019
	N	N
At 1 January	-	-
Funds provided during the year	-	2,500,000
Repayments in the year	-	(2,500,000)
At 31 December	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

20. Cash and cash equivalents

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

	2020	2019
	N	N
Cash in hand	22,584	127,415
Cash at bank	<u>5,349,659</u>	<u>10,294,267</u>
	5,372,243	10,421,682
Treasury bill (note 20.1)	<u>3,268,845</u>	<u>3,000,000</u>
	<u>8,641,088</u>	<u>13,421,682</u>

20.1 Treasury bill

This represents short term investment in government securities in 2019 which has a tenor of 182 days with the interest rate of 9% per annum. In 2020, the principal and interests were rolled over. This has tenors of 180 days and 182 days with the interest rates of 8.25% and 5% per annum respectively.

21. Current tax assets

These represent withholding tax receivable as at year end.

	2020	2019
	N	N
At 1 January	116,863,352	97,218,003
Withholding tax in the year	21,535,248	34,762,833
Withholding tax utilised during the year	<u>(12,996,656)</u>	<u>(15,117,484)</u>
At 31 December	<u>125,401,944</u>	<u>116,863,352</u>

22. Other current assets

Prepaid expenses	<u>13,981,405</u>	<u>4,264,376</u>
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23. Share capital

Authorised: (note 23.1)

900,000,000 ordinary shares of N0.50 each	<u>450,000,000</u>	<u>450,000,000</u>
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Issued and fully paid: (note 23.2)

889,981,552 ordinary shares of N0.50 each	<u>444,990,776</u>	<u>444,990,776</u>
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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.

	2020 N	2019 N
24. Share premium		
At 1 January	17,780,000	17,780,000
Additional share premium	-	-
At 31 December	<u><u>17,780,000</u></u>	<u><u>17,780,000</u></u>

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/2012/00000000254) 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.

	2020 N	2019 N
At 1 January	303,473,535	82,210,528
Revaluation surplus	-	221,263,007
At 31 December	<u><u>303,473,535</u></u>	<u><u>303,473,535</u></u>



NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020	2019
26. Retained earnings	N	N
At 1 January	161,389,109	163,619,341
Dividend paid	-	(44,499,078)
(Loss)/profit for the year	<u>(83,824,511)</u>	<u>42,268,846</u>
At 31 December	<u>77,564,598</u>	<u>161,389,109</u>
27. Trade and other payables		
Trade payables	28,954,232	34,092,049
Dividend payable (note 27.1)	3,872,576	3,603,731
Other payables	36,889	339,049
Accruals	<u>13,842,555</u>	<u>14,642,456</u>
	<u>46,706,252</u>	<u>52,677,285</u>
27.1 Dividend payable		
At 1 January	3,603,731	1,459,333
Unclaimed dividends	-	2,144,398
Interest on unclaimed dividends	268,845	-
Prior Year Dividends approved during the year (note 27.1.1)	-	44,499,078
Payments made during the year	<u>-</u>	<u>(44,499,078)</u>
At 31 December	<u>3,872,576</u>	<u>3,603,731</u>
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.		
28. Provisions		
At 1 January	13,482,130	36,028,711
Provisions made in the year	-	22,000,000
Provisions used during the year	<u>(13,482,130)</u>	<u>(44,546,581)</u>
At 31 December	<u>-</u>	<u>13,482,130</u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
29. Other current tax liabilities		
Pay As You Earn	126,585	971,713
Withholding tax payable	18,925,110	12,242,787
Value Added Tax - Suppliers	16,243,372	11,756,403
Local content tax payable	1,112,586	-
Value Added Tax - Customers	27,776,853	18,692,881
	<u>64,184,506</u>	<u>43,663,784</u>

30. Employees' benefits

Defined contribution plans (note 30.1)	<u>2,618,292</u>	<u>2,055,001</u>
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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.

	2020 N	2019 N
At 1 January	2,055,001	118,248
Provision for the year	9,408,086	10,807,610
Payments made during the year	<u>(8,844,795)</u>	<u>(8,870,857)</u>
At 31 December	<u>2,618,292</u>	<u>2,055,001</u>

31. Borrowings

In 2019, invoice discounting facility of \$247,440 was obtained from Guaranty Trust Bank Plc, and also loans from other sources 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.

Loans were obtained by The Initiates Plc from other sources in December 2020 for working capital. The loan of N5.0 million has a tenor of 60 days with interest rate of 13% per month while the loan of N12.0 million has a tenor of 60 days with interest rate of 10% per month.



NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
Invoice Discounting Facility from Guaranty Trust Bank Plc (note 31.1)	-	-
Loans from other sources (note 31.2)	<u>17,000,000</u>	<u>-</u>
	<u>17,000,000</u>	<u>-</u>

31.1 Invoice Discounting Facility from GTB Plc

At 1 January	-	-
Invoice Discounting Facility in the year	-	75,840,360
Repayments in the year	<u>-</u>	<u>(75,840,360)</u>
At 31 December	<u><u>-</u></u>	<u><u>-</u></u>

31.2 Loans from other sources

At 1 January	-	-
Loan in the year	17,000,000	25,000,000
Repayments in the year	<u>-</u>	<u>(25,000,000)</u>
At 31 December	<u><u>17,000,000</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
32. Information regarding directors		
32.1. Directors		
Directors' emoluments comprises:		
Fees	2,250,000	2,250,000
Others - salaries and allowances	15,095,912	18,711,662
	<u>17,345,912</u>	<u>20,961,662</u>
Emolument of the highest paid Director (Managing Director)	<u>11,077,200</u>	<u>12,913,200</u>
Other directors with emoluments	<u>Number Nil</u>	<u>Number Nil</u>
The number of directors with gross emoluments within the band stated were:		
	Number	Number
Below N3,000,000	-	-
N3,000,001 - N7,000,000	-	-
N7,000,001 and above	1	1
	<u>1</u>	<u>1</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 payments.

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	2020 N	2019 N
Trade and other receivables	19	126,061,106	142,477,084
Cash and cash equivalents	20	<u>8,641,088</u>	<u>13,421,682</u>
		<u>134,702,194</u>	<u>155,898,766</u>

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

	Note		
Customers	19	118,774,639	135,472,885
Related parties	19	6,307,001	6,091,601
Staff loans and advances	19	<u>970,466</u>	<u>912,598</u>
		<u>126,052,106</u>	<u>142,477,084</u>

The Company's most significant customer accounts for N68.5 million (2019: N65.0 million) of the trade and other receivables carrying amount at 31 December 2020.



NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 2020 using a provision matrix:

31 December 2020

	Trade Receivables					Total
	Days Past Due					
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	38.45%	
Estimated total gross carrying amount at default	67,031,021	-	10,069,574	-	67,708,459	144,809,054
Expected credit loss	-	-	-	-	(26,034,415)	(26,034,415)
	67,031,021	-	10,069,574	-	41,674,044	118,774,639

31 December 2019

	Trade Receivables					Total
	Days Past Due					
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	
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

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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

31 December 2020

	Carrying Amount	Contractual Cash flows	Less than 1 year	1-2 Years	2-5 Years
Non derivative financial liabilities					
Borrowings	17,000,000	17,000,000	17,000,000	-	-
Trade and other payables	46,706,252	46,706,252	-	46,706,252	-
	63,706,252	63,706,252	17,000,000	46,706,252	-

31 December 2019

	Carrying Amount	Contractual Cash flows	Less than 1 year	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	-

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

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	N	N	N	N
Long term receivables	-	-	-	-
Loans and receivables	126,061,106	126,061,106	142,477,084	142,477,084
Cash and cash equivalents	8,641,088	8,641,088	13,421,682	13,421,682
	<u>134,702,194</u>	<u>134,702,194</u>	<u>155,898,766</u>	<u>155,898,766</u>

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities	N	N	N	N
Borrowings	17,000,000	17,000,000	-	-
Trade and other payables	46,706,252	46,706,252	52,677,285	52,677,285
	<u>63,706,252</u>	<u>63,706,252</u>	<u>52,677,285</u>	<u>52,677,285</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 as at 31 December 2020.

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 have evaluated the impact of the COVID-19 pandemic on its operations and financial position and believe the company has capacity to continue in business for the foreseeable future.

Except as disclosed above, there are no other significant events after the reporting period which could have had a material effect on the financial position of the Company as at 31 December 2020, and its financial performance for the year ended, that have not been adequately provided for or disclosed in these financial statements.

40. Non-audit services

The External Auditors also provide tax services to the Company. In the current year the total amount of non-audit fees paid to our auditors amounted to N1.2 million (2019 - N1.5 million). The non-audit fee is part of the professional fees in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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:

	2020	2019
	N	N
Total liabilities	300,529,957	221,666,709
Cash and cash equivalents	(8,641,088)	(13,421,682)
Net debt	<u>291,888,869</u>	<u>208,245,027</u>
Total Equity	<u>843,808,909</u>	<u>927,633,420</u>
Debt to capital ratio as at December 31	<u>0.35</u>	<u>0.22</u>

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.



NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2020

41. Professional firms

The following firms provided professional services to the Company and their FRC registration numbers are stated as follows:

Audit Firm

The audit firm is Madu, Onyekwena & Co. The firm is responsible for the audit of the Company's records and provision of tax consultancy services. The FRC number is FRC/2013/ICAN/00000004886.

Estate Surveyors and Valuers

Jide Taiwo & Co. is the firm that values the Company's assets. The FRC registration number is FRC/2012/00000000254.

Company Secretary

Mrs. Olaide Odejobi is the Company's Secretary. She is responsible for filing accounts with Corporate Affairs Commission, Securities and Exchange Commission together with other secretarial functions. The FRC registration number is FRC/2017/NBA/00000016739.

Registrars

Apel Capital Registrars Limited is the Company's Registrars. They are responsible for keeping the records of shareholders and paying dividends. The FRC registration number is FRC/2017/ICAN/00000014821.



STATEMENT OF VALUE ADDED

	2020		2019	
	N	%	N	%
Revenue	469,379,791		550,218,779	
Other income	<u>5,989,484</u>		<u>30,140,845</u>	
	475,369,275		580,359,624	
Less: Bought in materials and services				
Imported	2,961,971		53,514,815	
Local	<u>363,601,851</u>		<u>317,160,479</u>	
Value added	<u>108,805,453</u>	<u>100</u>	<u>209,684,330</u>	<u>100</u>
Applied as follows:				
To pay employees' salaries, wages and other benefits	71,515,460	66	72,773,148	35
To pay Government taxation	61,413,230	57	15,743,266	7
To provide for enhancement of assets and expansion:				
- deferred tax	16,728,133	15	37,808,446	18
- depreciation of fixed assets	42,973,141	39	41,090,624	20
- retained in the business	<u>(83,824,511)</u>	<u>(77)</u>	<u>42,268,846</u>	<u>20</u>
	<u>108,805,453</u>	<u>100</u>	<u>209,684,330</u>	<u>100</u>

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			→
	2020	2019	2018	2017	2016
	N	N	N	N	N
Statement of Financial Position					
Assets employed					
Non-current Assets	855,137,712	864,209,717	655,833,451	678,098,211	587,311,661
Other non-current assets	10,000,000	-	-	-	-
Current Assets	279,201,154	285,090,412	473,650,809	465,676,462	271,955,506
Total Assets	1,144,338,866	1,149,300,129	1,129,484,260	1,143,774,673	859,267,167
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	303,473,535	82,210,528	83,410,528	83,410,528
Retained earnings	77,564,598	161,389,109	163,619,341	169,621,532	152,938,913
	843,808,909	927,633,420	708,600,645	715,802,836	699,120,217
Liabilities					
Non-current liabilities	108,914,292	92,186,159	54,377,713	29,276,182	46,533,814
Current liabilities	191,615,665	129,480,550	366,505,902	398,695,655	113,613,136
Total liabilities and equity	1,144,338,866	1,149,300,129	1,129,484,260	1,143,774,673	859,267,167
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	469,379,791	550,218,779	700,798,753	664,901,943	648,144,614
(Loss)/profit before taxation	(5,683,148)	95,820,558	134,864,469	56,962,054	200,675,727
Income tax expense	(78,141,363)	(53,551,712)	(43,884,152)	8,511,955	(65,052,877)
(Loss)/profit after taxation	(83,824,511)	42,268,846	90,980,317	65,474,009	135,622,850
Other Comprehensive income					
Revaluation surplus on property, plant and equipment		221,263,007	-	-	-
Other comprehensive income for the year	-	221,263,007	-	-	-
Total comprehensive income for the year	(83,824,511)	263,531,853	90,980,317	65,474,009	135,622,850
(Loss)/basic earnings per share (kobo)	(9)	5	62	9	16
Net assets per share (kobo)	95	104	80	80	79

(Loss)/basic earnings per share are calculated on the (loss)/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 DECEMBER, 2020

Shareholders with 5% and above:

SN	NAME	ADDRESS	HOLDINGS	%
1	OBOH-OZOHEREBE GORDON	4, Ntein street, Akpajo-Elеме(2nd market) P/Harcourt, Rivers State.	58,568,412	6.51%
2	AFOLAYAN SAMUEL	1, Ogendemgbe street, Apapa, Lagos.	65,453,152	7.27%
3	OSSAI REUBEN M	2, Rumuchiorlu street off Ada George road, Rumueme Port Harcourt Rivers	190,695,237	21.19%
4	DVCF OIL & GAS PLC	Fifth floor, 94, Broad street, Lagos.	322,828,822	35.87%
			637,545,523	70.84%

SHARE CAPITAL HISTORY OF THE COMPANY

FROM INCEPTION TO 31ST DECEMBER, 2020:

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
2020	-----	900,000,000	889,981,552	889,981,552	CASH	248

SHAREHOLDER'S INFORMATION



Affix
Current
Passport

(To be stamped by banks)

Write your name at the back of
your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

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

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

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	

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, 2020

ANNUAL GENERAL MEETING OF THE INITIATES PLC

To be held at the Conference Hall, Bon Hotel at LA Kings, 31 Ken Saro wiwa Street, former Stadium road, Rumuomasi, Port Harcourt, Rivers State.

I/WE (Name of Shareholder)

Being a member of The Initiates Plc. Hereby appoint

Ofor 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 25th day of May, 2021 or at any adjourned date thereof.

Dated thisday of2021

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: Joe Anosikeh (Chairman) Reuben Mustapha Ossai (Managing Director) Prof. Edward Alikor (Non-Executive Director) Mr. Joseph Ebinum (Non Executive Director) Mr. Christian Ugochukwu Nwanma (Chairman, Audit Committee)
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 21st May, 2021 to enable the Company stamp the proxy forms at the Company's expense.
3. The following Directors have offered themselves for re-election: **CHIEF CHARLES OBOH**, and **MR. JOSEPH EBINUM**

Resolution	For	Against
1. To receive and consider the Audited Financial Statement as at Dec. 31 st 2020, the report of the Directors, the Audit Committee, the Auditors Report therein.		
1. 2. To re-elect Chief Charles Oboh as a Director		
2. B. To re-elect Mr. Joseph Ebinum as a Director		
4. 3. To re-appoint the Audit firm of Madu, Onyekwena & co. as the Company's External Auditors		
5. 4. To authorize the Directors to fix the Remuneration of Auditors.		
6. 5. To appoint/re-appoint members of the Audit Committee		
7. 6. To disclose the remuneration of Managers		
8. Special Business: 7. To consider and approve the remuneration of Directors		



ADMISSION FORM FOR THE YEAR ENDED 31ST DECEMBER, 2020



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 Hall, Bon Hotel at LA Kings, 31 Ken Saro Wiwa Street, former Stadium road, Rumuomasi, Port Harcourt, 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 25th day of May, 2021 at the Conference Hall, Bon Hotel at LA Kings, 31 Ken Saro Wiwa Street, former Stadium road, Rumuomasi, Port Harcourt, 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)



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

