

2020

THE INITIATES PLC MANAGEMENT ACCOUNT
FOR PERIOD ENDED 31ST MARCH 2020



Initiates finance

THE INITIATES PLC.

5/28/2020



DOCUMENT TITLE: 2020 FIRST QUARTER MANAGEMENT ACCOUNT

DOCUMENT NO.: TIP-CFD-MNG -0021

REV NO.: 00

Unit/Dept: COMMERCIAL AND FINANCE

Site/Location:

TIP BASE

Completed By: DOUGLAS ROSEMARY

Position: CHIEF FINANCIAL OFFICER

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THE INITIATES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of **The Initiates Plc** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company and the results of its operations, cashflows and changes in equity for the period ended 31 March 2020, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Company for the period ended 31 March 2020 were approved by directors on 29th June, 2020.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Joe Ogbonna Anosikeh
Chairman

FRC No:FRC/2014/NIS/00000008836

Mr. Reuben Mustapha Ossai
Managing Director

FRC No:FRC/2014/NIAECHI/00000009687



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AUDIT COMMITTEE REPORT OF THE INITIATES PLC

In compliance with Section 359(6) of the Companies and Allied Matters Act CAP.C20, LFN 2004, and Section 60(2) of the Investment and Securities Act 2007, we have reviewed the Management account for the first quarter ended 31st March, 2020 and hereby state as follows:

1. We examined the accounting entries, policies and bases for preparation of the first quarter account ended 31st March 2020; this was in our opinion adequate.
2. We also reviewed the Internal Auditors report for the period as well as the Management's response thereon.
3. We ascertained that the accounting and reporting policies of the Company for the first quarter account ended 31st March 2020 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the accounting entries, policies and bases of this Management account for the first quarter ended 31st March, 2020 was adequate and Management's response to Internal Auditors' findings thereon was satisfactory.

Dated 23rd June, 2020

NWANMA UGOCHUKWU CHRISTIAN

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



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EXECUTIVE SUMMARY:

1. INTRODUCTION

REVENUE

TIP started the year on a fair note posting total revenue of NGN161.9m which is lower than Income generated in the same period of 2019 (NGN181.46m) by 10.98%. The makeup of the revenue along core business lines are as follows: Waste Management Service (TDU) –N147.0m (91%) while Industrial Cleaning Services accounts for – NGN13m (8%)

GROSS PROFIT

TIP posted a Gross Profit of NGN51.3m for the period under review which is 24% lower than that of the same period in 2019 (NGN63.1m). However, Total Direct Cost (2020: NGN110.5m, 2019: NGN118.28m) stood at 8% above TIP standard benchmark of 60% of Total Turnover for the period. This increase was due to the impact of COVID – 19 pandemic on cost of goods and services in the market.

NET PROFIT

The reported Net Profit before Tax stood at (2020: NGN11.07m, 2019: NGN21.17m) represents 7% of Revenue for the first quarter of 2020 instead of the standard 10 benchmarks.



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BALANCE SHEET

TIP Balance Sheet value depreciated slightly to NGN1.114b as 31 March, 2020 from NGN1.149b as at the close of business (COB) on the 31 December, 2019.

1. Trade Receivables: This stood at NGN95.098m at the close of business (COB) on 31 March, 2020.

2. Trade Payable

TIP Account Payable is NGN51.26m as at 31 March, 2020 (2019: NGN139.94m).

3. Measurement of Liquidity

When TIP' s Current Assets of NGN240.47m is charged against Current Liabilities of NGN138.6m as shown in the Q1 Accounts, it gave a Quick Ratio of less than 1.73 There was also a noticeable improvement in debt recovery within the period under review,



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HIGHLIGHT OF ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2020.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31ST MARCH

| | 2020 | 2019 | CHANGE |
|---------------------------------|--------|--------|----------|
| | N'Mn | N'Mn | % |
| Revenue | 161.54 | 181.46 | (10.98) |
| Direct cost | 110.56 | 118.28 | (6.53) |
| Gross Profit | 50.98 | 63.18 | (19.30) |
| Other Income | 0.36 | 1.54 | (76.47) |
| Total Indirect Cost | 40.25 | 34.84 | 15.52 |
| Financial Cost | - | 8.70 | (100.00) |
| Profit Before Tax | 11.09 | 21.17 | (47.61) |
| Provision of Income Tax Expense | 3.55 | 6.77 | (47.61) |
| Profit for the period | 7.54 | 14.40 | (47.61) |

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH

| | 2020 | 2019 | CHANGE |
|--------------------------------|----------|----------|----------|
| | N'Mn | N'Mn | % |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and Equipment | 873.47 | 804.69 | 8.55 |
| Total Non-Current Assets | | | |
| Current Assets | | | |
| Inventories | 5.53 | 8.87 | (37.59) |
| Trade receivables | 95.10 | 345.63 | (72.49) |
| Cash and cash equivalents | 10.39 | 32.40 | (67.93) |
| Current tax assets | 126.61 | 103.67 | 22.12 |
| Other current tax assets | 2.85 | 5.11 | (44.32) |
| Total current Asset | 240.48 | 495.69 | (51.49) |
| Total Assets | 1,113.95 | 1,300.38 | (14.34) |
| Non-Current Liabilities | | | |
| Deferred tax | 70.06 | 54.38 | 28.84 |
| Current Liabilities | | | |
| Trade and Other payables | 51.26 | 139.94 | (63.37) |
| Provisions | - | 35.45 | (100.00) |
| Current tax liabilities | 39.73 | 16.98 | 134.02 |
| Other current tax liabilities | 46.31 | 39.19 | 18.19 |
| Employees' benefits | 1.33 | 0.12 | 1,021.42 |
| Short term borrowings | - | 120.00 | (100.00) |
| Total current liabilities | 138.63 | 351.67 | (60.58) |
| Total Liabilities | 208.69 | 406.05 | (48.60) |
| Working Capital | 31.79 | 89.64 | (64.54) |
| Net Asset | 905.26 | 894.33 | 1.22 |



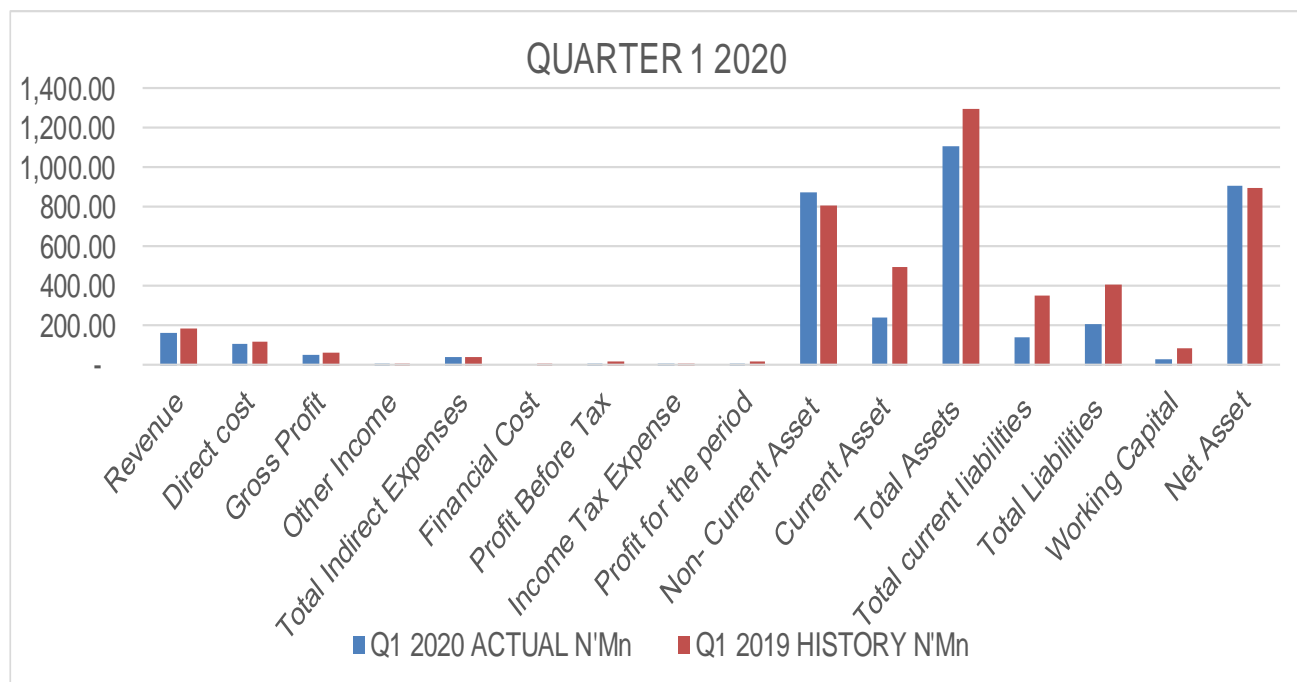
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KEY RATIOS

| | Q1 2020 | Q1 2019 | % CHANGE |
|----------------------------|------------|-----------|----------|
| Earnings Per Share | 0.01 Kobo | 0.02 Kobo | (47.61) |
| Gross Profit Margin | 31.56% | 34.82% | (9.35) |
| Net Profit Margin | 4.76% | 7.93% | (41.15) |
| Net Asset Per Shares | 1.02Kobo | 1.00Kobo | 1.22 |
| Return on Capital Employed | 0.79% | 1.52% | (49.04) |
| Current Ratios | 1.73 x | 1.41x | 23.07 |
| Net Working Capital: | 0.63 x | 0.79 x | (20.56) |
| Fixed Asset Turnover: | 0.18 x | 0.23 x | (17.99) |
| Receivables Turnover | 3.40 x | 1.05 x | 223.55 |
| Payables Turnover | (5.87 x) | (2.19 x) | 168.86 |
| Return On Equity | 0.01% | 0.02% | (48.24) |
| Return On Assets | 0.14% | 0.14% | 3.92 |
| Price Earning per Share | 57.81 Kobo | 30.91Kobo | 90.86 |
| | 0.00% | 0.13% | (100.00) |



Graphical representation of TIP's FIRST QUARTER 2020 performance



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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST MARCH 2020**

| | Note | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|---|------|-------------------|-------------------|-----------------|----------------------|----------------------|
| Continuing Operations | | | | | | |
| Revenue from contracts with customers | 6 | 161,538,724 | 181,458,814 | (10.98) | 550,218,779 | 700,798,753 |
| Cost of sales | 7 | 110,558,004 | 118,282,778 | (6.53) | (285,547,369) | (371,721,258) |
| Gross profit | | 50,980,720 | 63,176,035 | (19.30) | 264,671,410 | 329,077,495 |
| Other income | 6a | 361,446 | 1,536,270 | (76.47) | 30,140,845 | 22,643,412 |
| Staff costs | 8 | 16,766,425 | 16,933,007 | (0.98) | (72,773,148) | (74,060,130) |
| Depreciation and impairment loss | 9 | 1,978,021 | 1,762,369 | 12.24 | (7,526,599) | (5,852,221) |
| Administrative expenses | 10 | 21,505,308 | 16,145,468 | 33.20 | (88,538,219) | (97,901,448) |
| Other expenses | 11 | - | - | - | - | (13,686,747) |
| Total Indirect Cost | | 40,249,754 | 34,840,844 | 15.52 | (168,837,966) | (191,500,546) |
| Results from operating activities | | 11,092,412 | 29,871,461 | (62.87) | 125,974,289 | 160,220,361 |
| Finance cost | 13 | - | 8,700,000 | (100.00) | (30,153,731) | (14,105,902) |
| Profit before tax | | 11,092,412 | 21,171,461 | (47.61) | 95,820,558 | 146,114,459 |
| Provision for Income tax expense | 14.1 | 3,549,572 | 6,774,868 | (47.61) | (53,551,712) | (43,884,152) |
| Profit for the year | | 7,542,840 | 14,396,594 | (47.61) | 42,268,846 | 102,230,307 |
| Other Comprehensive income | | | | | | |
| Foreign currency translation difference | 6b | (248,064) | 5,983,034 | (104.15) | - | (11,249,990) |
| Revaluation surplus on property, plant and equipm | 23.3 | - | - | | 221,263,007 | - |
| Other comprehensive income for the year | | (248,064) | 5,983,034 | (104.15) | 221,263,007 | (11,249,990) |
| Total comprehensive income for the year | | 7,294,776 | 20,379,628 | (64.21) | 263,531,853 | 90,980,317 |
| Basic earnings per share (kobo) | 37 | 0.01 | 0.02 | (47.61) | 5 | 11 |

The notes on pages 13 to 35 form part of these financial statements.



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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

| | Note | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|-------------------------------------|------|----------------------|----------------------|----------------|----------------------|----------------------|
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Property, plant and equipment | 15 | 873,472,119 | 804,693,144 | 8.55 | 864,209,717 | 655,833,451 |
| Current assets | | | | | | |
| Inventories | 16 | 5,533,267 | 8,866,605 | (37.59) | 8,063,918 | 3,708,367 |
| Trade and other receivables | 17 | 95,098,444 | 345,633,475 | (72.49) | 142,477,084 | 287,236,270 |
| Cash and cash equivalents | 18 | 10,392,065 | 32,402,239 | (67.93) | 13,421,682 | 79,055,268 |
| Current tax assets | 19 | 126,608,308 | 103,673,656 | 22.12 | 116,863,352 | 97,218,003 |
| Other current assets | 20 | 2,846,576 | 5,112,215 | (44.32) | 4,264,376 | 6,432,901 |
| Total current assets | | 240,478,659 | 495,688,188 | (51.49) | 285,090,412 | 473,650,809 |
| Total Assets | | 1,113,950,779 | 1,300,381,332 | (14.34) | 1,149,300,129 | 1,129,484,260 |
| Equity and Liabilities | | | | | | |
| Equity | | | | | | |
| Share capital | 21 | 444,990,776 | 444,990,776 | - | 444,990,776 | 444,990,776 |
| Share premium | 22 | 17,780,000 | 17,780,000 | - | 17,780,000 | 17,780,000 |
| Revaluation reserve | 23 | 303,473,535 | 221,389,128 | 37.08 | 303,473,535 | 82,210,528 |
| Retained earnings | 24 | 139,015,429 | 210,168,886 | (33.86) | 161,389,109 | 163,619,341 |
| Total equity | | 905,259,740 | 894,328,790 | 1.22 | 927,633,420 | 708,600,645 |
| Non-current liabilities | | | | | | |
| Deferred tax liabilities | 14.4 | 70,059,859 | 54,377,713 | 28.84 | 92,186,159 | 54,377,713 |
| Current liabilities | | | | | | |
| Trade and other payables | 25 | 51,262,739 | 139,939,335 | (63.37) | 52,677,285 | 154,903,738 |
| Provisions | 26 | - | 35,453,361 | (100.00) | 13,482,130 | 36,028,711 |
| Current tax liabilities | 14 | 39,728,651 | 16,976,568 | 134.02 | 17,602,350 | 20,641,917 |
| Other current tax liabilities | 27 | 46,313,726 | 39,187,317 | 18.19 | 43,663,784 | 34,813,288 |
| Employees' benefits | 28 | 1,326,063 | 118,248 | 1,021.42 | 2,055,001 | 118,248 |
| Borrowings | 29 | - | 120,000,000 | (100.00) | - | 120,000,000 |
| Total current liabilities | | 138,631,180 | 351,674,830 | (60.58) | 129,480,550 | 366,505,902 |
| Total liabilities | | 208,691,039 | 406,052,542 | (48.60) | 221,666,709 | 420,883,615 |
| Total equity and liabilities | | 1,113,950,779 | 1,300,381,332 | (14.34) | 1,149,300,129 | 1,129,484,260 |

These financial statements were approved by the Board of Directors on 29th June, 2020 and signed on its behalf by:

Mr. Joe Ogonna 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 13 to 35 form part of these financial statements.



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**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST MARCH 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 |
| Prior year adjustments | - | - | - | (33,218,028) | (33,218,028) |
| Dividend paid | - | - | - | - | - |
| Profit for the year | - | - | - | 11,092,412 | 11,092,412 |
| | 444,990,776 | 17,780,000 | 303,473,535 | 139,263,493 | 905,507,804 |
| Other comprehensive income: | | | | | |
| Exchange gain (Loss) | | | | (248,064) | (248,064) |
| Revaluation surplus on property, plant and equipment (note 15.3) | - | - | - | - | - |
| At 31 March | 444,990,776 | 17,780,000 | 303,473,535 | 139,015,429 | 905,259,740 |

FOR THE PERIOD ENDED 31ST MARCH 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 |
| Prior year adjustments | - | - | - | 19,395,050 | 19,395,050 |
| Dividend paid | - | - | - | - | - |
| Profit for the year | - | - | - | 21,171,461 | 21,171,461 |
| | 444,990,776 | 17,780,000 | 82,210,528 | 204,185,852 | 749,167,156 |
| Other comprehensive income: | | | | | |
| Exchange gain (Loss) | | | | 5,983,034 | 5,983,034 |
| Revaluation surplus on property, plant and equipment (note 15.3) | - | - | 139,178,600 | - | 139,178,600 |
| At 31 March | 444,990,776 | 17,780,000 | 221,389,128 | 210,168,886 | 894,328,790 |



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**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST MARCH 2020**

| Note | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|---|---------------------|---------------------|-----------------|----------------------|---------------------|
| Cashflow from Operating Activities | | | | | |
| Cashflows from Operations | 118,654,040 | 160,526,341 | (26.08) | 706,327,969 | 824,653,592 |
| Cash Paid to Suppliers | (85,133,023) | (171,376,208) | (50.32) | (426,160,819) | (663,928,702) |
| Cash Paid to Employees | (16,766,425) | (16,933,007) | (0.98) | (72,773,148) | (74,060,130) |
| Paid to Government (taxes) | - | - | - | (53,551,712) | (1,932,316) |
| Total | 16,754,592 | (27,782,875) | (160.31) | 153,842,291 | 84,732,444 |
| Cashflow from Investment Activities | | | | | |
| Capex | (19,629,830) | (18,445,436) | 6.42 | (28,203,883) | (19,998,240) |
| Proceeds from sale of property, plant and equipment | - | - | - | - | 1,700,000 |
| Interest received | 72,417 | 26,270 | 175.66 | 1,236,417 | 52,534 |
| Total | (19,557,413) | (18,419,165) | 6.18 | (26,967,466) | (18,245,706) |
| Cashflow from Financing Activities | | | | | |
| Loans obtained | - | - | - | 103,340,360 | 165,000,000 |
| Repayment of loans | - | - | - | (223,340,360) | (105,000,000) |
| Unclaimed dividend returned | - | - | - | 2,144,398 | 932,657 |
| Dividend paid | - | - | - | (44,499,078) | (35,599,262) |
| Interest paid | - | - | - | (30,153,731) | (14,105,902) |
| Total | - | - | - | (192,508,411) | 11,227,493 |
| Net Cash Flow | (2,802,821) | (46,202,040) | (93.93) | (65,633,586) | 77,714,231 |
| Opening Balance | 13,421,682 | 79,055,268 | (83.02) | 79,055,268 | 1,341,037 |
| Closing Balance | 10,618,861 | 32,853,228 | (67.68) | 13,421,682 | 79,055,268 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 2020**

| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|---|-----------------------|-----------------------|----------------|--------------------|--------------------|
| 6. Revenue from contracts with customers | 161,538,723.72 | 181,458,813.57 | (10.98) | 550,218,779 | 700,798,753 |
| The revenue from contracts with customers is made up of: | | | | | |
| Industrial Cleaning and Decontamination | 13,350,936 | 154,021,880 | (91.33) | 191,530,969 | 134,780,008 |
| E-Waste | 1,488,000 | - | 100.00 | 3,976,500 | - |
| Incineration | 19,494,457 | 4,619,941 | 321.96 | 107,552,004 | 24,736,851 |
| Thermal Desorption Unit | 85,131,708 | 5,742,943 | 1,382.37 | 174,737,101 | 314,634,796 |
| Fixation and Stabilization | 36,517,603 | - | 100.00 | 6,895,660 | - |
| Non Hazardous Waste | 5,556,020 | 17,074,049 | (67.46) | 65,526,545 | 226,647,098 |
| | 161,538,724 | 181,458,814 | (10.98) | 550,218,779 | 700,798,753 |
| 6a. Other income | | | | | |
| Equipment rental | 289,030 | 1,510,000 | (80.86) | 1,510,000 | 17,198,000 |
| Interest received | 72,417 | 26,270 | 175.66 | 1,236,417 | 52,534 |
| Sale of secondary products | - | - | - | - | 5,339,250 |
| Sundry income | - | - | - | 59,638 | 53,628 |
| | 361,446 | 1,536,270 | (76.47) | 2,806,055 | 22,643,412 |
| 6b Foreign exchange gains | | | | | |
| This represents exchange difference arising from translation of foreign currency transactions during the year under review. | | | | | |
| Foreign exchange gains | (248,064.19) | 5,983,033.87 | - | 27,334,790 | - |
| 7. Cost of sales | | | | | |
| Waste Collection and Haulage | 56,734,097 | 70,971,900 | (20.06) | 130,721,110 | 131,031,050 |
| Waste Disposal | 4,309,250 | 2,257,500 | 90.89 | 4,590,456 | 1,708,700 |
| Hiring of equipment | 3,252,334 | 5,168,385 | (37.07) | 19,148,768 | 83,400,711 |
| Diesel and lubricants | 243,939 | 3,200,738 | (92.38) | 11,216,472 | 4,968,465 |
| Repairs and Maintenance | 6,741,061 | 6,189,595 | 8.91 | 17,798,973 | 12,616,649 |
| Transport and travelling | 2,807,243 | 78,500 | 3,476.11 | 4,340,137 | - |
| Consumables | 21,077,090 | 17,531,275 | 20.23 | 28,680,185 | 49,310,646 |
| Depreciation | 8,389,407 | 6,916,474 | 21.30 | 33,564,025 | 26,872,375 |
| Direct wages | 4,773,055 | 1,585,680 | 201.01 | 11,750,880 | 15,432,441 |
| Community relations and security | 78,000 | 1,972,495 | (96.05) | 7,163,884 | 34,414,956 |
| Compliance | 1,018,145 | 210,000 | 384.83 | 8,442,699 | 9,097,757 |
| Other direct costs | 1,134,384 | 2,200,236 | (48.44) | 8,129,780 | 2,867,508 |
| | 110,558,004 | 118,282,778 | (6.53) | 285,547,369 | 371,721,258 |
| 7a. Other direct costs | | | | | |
| Business Development | 210,000 | 493,485 | (57.45) | 2,295,635 | 715,000 |
| QHSE | 366,722 | 1,438,433 | (74.51) | 3,532,125 | 1,234,000 |
| Permits | 557,661 | 268,318 | 107.84 | 2,302,020 | 918,508 |
| | 1,134,384 | 2,200,236 | (48.44) | 8,129,780 | 2,867,508 |
| 8. Staff costs | | | | | |
| Salaries and allowances | 12,757,262 | 14,023,111 | (9.03) | 59,443,411 | 60,182,532 |
| Employer's pension contribution | 1,525,538 | 1,368,288 | 11.49 | 5,533,500 | 5,522,064 |
| Staff welfare | 750,000 | 570,583 | 31.44 | 2,388,736 | 1,988,444 |
| Performance Bonus | - | - | - | - | 989,387 |
| Medical expenses | 1,733,625 | 971,025 | 78.54 | 5,407,501 | 5,377,703 |
| | 16,766,425 | 16,933,007 | (0.98) | 72,773,148 | 74,060,130 |



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 2020**

| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|--|-------------------|-------------------|--------------|-------------------|-------------------|
| 9. Depreciation and impairment loss | | | | | |
| Depreciation | 1,978,021 | 1,762,369 | 12.24 | 7,526,599 | 5,852,221 |
| 10. Administrative expenses | | | | | |
| Directors' Remuneration | 3,060,000 | 3,060,000 | - | 12,913,200 | 12,913,200 |
| Directors' allowances and expenses | 25,000 | 175,246 | (85.73) | 5,798,462 | 8,016,097 |
| Directors' fees | - | - | - | 2,250,000 | 2,250,000 |
| Transport and travelling expenses | 1,058,244 | 714,865 | 48.03 | 4,012,670 | 3,522,059 |
| Professional fees | 502,151 | 926,726 | (45.81) | 5,247,574 | 6,775,709 |
| Electricity (PHCN) | 514,726 | 208,292 | 147.12 | 676,837 | 1,419,288 |
| Fuel and diesel | 2,208,488 | 2,171,904 | 1.68 | 9,209,331 | 8,943,269 |
| Licenses/Permits and levies | 593,796 | 998,820 | (40.55) | 1,821,925 | 484,455 |
| Donation & Gift | 1,120,000 | 362,500 | 208.97 | 735,500 | 640,000 |
| Repairs and maintenance | 2,756,830 | 727,925 | 278.72 | 2,747,650 | 5,685,040 |
| Printing and stationery | 197,147 | 310,340 | (36.47) | 1,107,206 | 1,128,020 |
| Insurance | 1,534,736 | 940,865 | 63.12 | 4,122,883 | 3,795,880 |
| Telephone and Courier Services | 136,700 | 132,000 | 3.56 | 928,585 | 1,124,523 |
| Entertainment | 326,150 | 248,350 | 31.33 | 840,800 | 839,530 |
| Internet expenses | 997,585 | 264,685 | 276.90 | 689,500 | 2,277,804 |
| Industrial Training Fund | - | - | - | 1,064,015 | 813,298 |
| Bank charges | 454,936 | 635,108 | (28.37) | 2,698,248 | 2,224,584 |
| Training expenses | 310,000 | - | 100.00 | 440,000 | 392,000 |
| Local content tax | 1,515,282 | 1,197,874 | 26.50 | 6,079,505 | 5,856,015 |
| Subscription | 523,638 | 1,036,123 | (49.46) | 1,378,407 | 902,300 |
| Meal expenses | 690,050 | 547,600 | 26.01 | 2,539,900 | 2,404,200 |
| Corporate social responsibility | 40,000 | - | 100.00 | 150,000 | 12,559,000 |
| Balances written off | - | - | 100.00 | 3,286,338 | - |
| Leave allowance | 615,450 | 473,550 | 29.97 | - | 715,784 |
| Advertisement | 567,000 | - | 100.00 | 383,847 | 715,784 |
| Bad debt written off | - | - | - | 40,671 | 7,188,072 |
| Auditors' remuneration | 625,000 | 625,000 | - | 2,500,000 | 2,500,000 |
| Provision for doubtful debts | - | - | - | 13,089,410 | - |
| Terminal Benefit | - | - | - | - | - |
| Office and general expenses | 1,132,400 | 387,695 | 192.09 | 1,785,755 | 2,531,321 |
| | 21,505,308 | 16,145,468 | 33.20 | 88,538,219 | 97,901,448 |
| 10 a. Corporate Donation includes the sum of one million naira donated to Waste Management Society of Nigeria for the hosting of International Waste submit in Port Harcourt. | | | | | |
| 11. Other expenses | | | | | |
| Loss on sale of asset | - | - | - | - | 3,071,528 |
| Motor vehicle written off | - | - | - | - | 716,875 |
| Realized foreign exchange losses | - | - | - | - | 9,898,344 |
| | - | - | - | - | 13,686,747 |
| 12. Results from operating activities is stated after taking into account the undernoted items; | | | | | |
| Director's emolument: | | | | | |
| - Fees | - | - | - | 2,250,000 | 2,250,000 |
| - Others | - | - | - | 18,711,662 | 20,929,297 |
| Depreciation and impairment loss | 1,978,021 | 1,762,369 | 12.24 | 41,090,624 | 32,724,596 |
| Auditors' remuneration | 625,000 | 625,000 | - | 2,500,000 | 2,500,000 |



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**NOTES TO THE FINANCIAL STATEMENTS
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13. Finance cost

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

| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|-------------------------|--------------|--------------|-------------|-------------------|-------------------|
| Other financial charges | - | - | - | 5,296,549 | 2,913,939 |
| Interest on loans | - | 8,700,000 | (100) | 24,857,182 | 11,191,963 |
| | - | 8,700,000 | (100) | 30,153,731 | 14,105,902 |

14. Taxation

14a Income tax expense

| | | | | | |
|--------------------|-------------------|-------------------|---------|-------------------|-------------------|
| Company income tax | 14,849,417 | 16,976,568 | (12.53) | 12,990,332 | 15,117,272 |
| Education tax | 2,752,934 | 0.34 | 100.00 | 2,752,934 | 3,665,349 |
| | 17,602,351 | 16,976,568 | 3.69 | 15,743,266 | 18,782,621 |
| Deferred tax | 22,126,301 | - | | 37,808,446 | 25,101,531 |
| | 39,728,651 | 16,976,568 | 134.02 | 53,551,712 | 43,884,152 |

14b Current tax liabilities

Movement in Income tax liabilities

| | | | | | |
|--------------------------------------|-------------------|-------------------|----------|-------------------|-------------------|
| At 1 January | 17,602,350 | 20,641,917 | (14.73) | 20,641,917 | 12,992,056 |
| Payments during the year | (2,752,934) | (3,665,349) | (24.89) | (3,665,349) | (1,932,316) |
| Tax charge for the year | 39,728,651 | 16,976,568 | 134.02 | 15,743,266 | 18,782,621 |
| Withholding tax credit notes applied | - | (15,117,484) | (100.00) | (15,117,484) | (9,200,444) |
| At 31 March | 54,578,067 | 18,835,652 | 189.76 | 17,602,350 | 20,641,917 |

14.3 Reconciliation of effective tax rate

| | | | | | |
|--|------------------|------------------|----------------|-------------------|-------------------|
| Profit for the year before tax | 11,092,412 | 21,171,461 | (47.61) | 95,820,558 | 146,114,459 |
| Income tax using the company's domestic tax rate of 30% | 3,549,572 | 6,774,868 | (47.61) | 28,746,167 | 43,834,338 |
| Education tax using tax rate of 2% | 221,848 | 423,429 | (47.61) | 1,916,411 | 2,922,289 |
| Tax effect on expenses not deductible for tax purposes | - | - | - | 13,384,360 | 11,888,960 |
| Tax effect on capital allowances | - | - | - | (27,529,336) | (36,370,430) |
| Tax effect on tax incentives | - | - | - | (774,336) | (3,492,536) |
| Tax charge in income statement (Income tax and Education tax) | 3,771,420 | 7,198,297 | (47.61) | 15,743,266 | 18,782,621 |



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14.4 Deferred tax liabilities

| | Q1 2020 | Q1 2019 | CHANGE | Accelerated tax depreciation | Revaluation surplus | Total |
|------------------------|------------|------------|----------|---------------------------------|------------------------|------------|
| | N | N | % | N | N | N |
| At 1 January 2020 | 70,059,859 | 29,276,182 | 139.31 | 29,276,182 | - | 29,276,182 |
| Movement in the period | - | 25,101,531 | (100.00) | 25,101,531 | - | 25,101,531 |
| | 70,059,859 | 54,377,713 | 28.84 | 54,377,713 | - | 54,377,713 |
| | - | - | | 15,682,146 | 22,126,300 | 37,808,446 |
| At 31 March 2020 | 70,059,859 | 54,377,713 | 28.84 | 70,059,859 | 22,126,300 | 92,186,159 |

15. Property, Plant and Equipment

15.1 Summary

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

| | | | | | 2019 | 2018 |
|------------------------|-------------|-------------|--------|---|-------------|-------------|
| | | | | | N | N |
| Land | 43,600,000 | - | 100.00 | - | 43,600,000 | - |
| Buildings | 170,073,340 | 176,190,811 | (3.47) | - | 170,073,340 | 176,190,811 |
| Plant and Machinery | 638,135,241 | 472,547,223 | 35.04 | - | 638,135,241 | 472,547,223 |
| Furniture and Fittings | 3,617,574 | 2,004,338 | 80.49 | - | 3,617,574 | 2,004,338 |
| Office & HSE Equipment | 8,783,562 | 5,091,079 | 72.53 | - | 8,783,562 | 5,091,079 |
| | 864,209,717 | 655,833,451 | 31.77 | - | 864,209,717 | 655,833,451 |



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**NOTES TO THE FINANCIAL STATEMENTS
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15.2 Analysis of Property, plant and equipment

| | Land | Buildings | Plant and Machinery | Capital Work-in- Progress (note 17.4) | Motor Vehicles | Furniture and Fittings | Office & HSE Equipment | Total |
|---|-------------------|--------------------|------------------------|---|----------------|---------------------------|---------------------------|---------------------|
| | N | N | N | N | N | N | N | N |
| Deemed Cost | | | | | | | | |
| At 1 January 2020 | 43,600,000 | 174,098,400 | 676,191,541 | - | - | 5,633,100 | 12,171,092 | 911,694,133 |
| Addition in the year | - | 352,300 | 16,760,681 | | | - | 2,516,850 | 19,629,830 |
| At 31st March 2020 | 43,600,000 | 174,450,700 | 692,952,222 | - | - | 5,633,100 | 14,687,942 | 931,323,963 |
| Accumulated Depreciation and impairment loss | | | | | | | | |
| At 1 January 2020 | - | (4,025,060) | (38,056,300) | - | - | (2,015,526) | (3,387,530) | (47,484,416) |
| Charge for the year | - | (871,166) | (8,389,407) | | | (469,378) | (637,477) | (10,367,428) |
| Write-off | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| At 31st March 2020 | - | (4,896,226) | (46,445,707) | - | - | (2,484,904) | (4,025,007) | (57,851,844) |
| Carrying amount | | | | | | | | |
| At 31st March 2020 | 43,600,000 | 169,554,474 | 646,506,515 | - | - | 3,148,196 | 10,662,935 | 873,472,119 |
| At 31st March 2019 | 43,200,000 | 164,272,849 | 591,389,561 | - | - | 1,573,076 | 4,257,657 | 804,693,144 |



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| | Land | Buildings | Plant and Machinery | Capital Work-in-Progress (note 17.4) | Motor Vehicles | Furniture and Fittings | Office & HSE Equipment | Total |
|---|-------------------|---------------------|---------------------|--------------------------------------|----------------|------------------------|------------------------|---------------------|
| | N | N | N | N | N | N | N | N |
| Deemed Cost | | | | | | | | |
| At 1 January 2019 | - | 176,190,811 | 472,547,223 | - | - | 2,004,338 | 5,091,079 | 655,833,451 |
| Addition in the year | | 490,000 | 17,565,436 | | | 390,000 | - | 18,445,436 |
| Reclassification | 43,200,000 | (43,200,000) | 80,667,456 | | | 3,059,062 | 2,272,931 | 85,999,449 |
| Revaluation surplus (note 17.3) | - | 41,016,189 | 96,189,821 | - | - | 104,500 | 1,868,090 | 139,178,600 |
| At 31st March 2019 | 43,200,000 | 174,497,000 | 666,969,936 | - | - | 5,557,900 | 9,232,100 | 899,456,936 |
| Accumulated Depreciation and impairment loss | | | | | | | | |
| At 1 January 2019 | - | (9,692,634) | (69,842,768) | - | - | (3,749,858) | (4,562,057) | (87,847,318) |
| Charge for the year | - | (531,516) | (5,737,607) | - | - | (234,966) | (412,385) | (6,916,475) |
| Write-off | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| At 31st March 2019 | - | (10,224,151) | (75,580,375) | - | - | (3,984,824) | (4,974,443) | (94,763,792) |
| Carrying amount | | | | | | | | |
| At 31st March 2019 | 43,200,000 | 164,272,849 | 591,389,561 | - | - | 1,573,076 | 4,257,657 | 804,693,144 |
| At 31st March 2018 | - | 142,414,096 | 524,442,195 | - | 885,250.00 | 996,235.45 | 4,643,145 | 673,380,921 |



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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/2012/0000000000254) on the basis of open market value of N880,800,000. The revalued amount was incorporated with the surplus of N221,263,007 arising therefrom transferred to revaluation reserve account in the financial statements as at 31st December 2019.

15.4 Capital work-in-progress

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

| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|--|----------------------|----------------------|---------------------|-------------------|-------------------|
| Incinerator and E-Waste Plant Buildings | - | - | - | - | 34,632,715 |
| E-Waste Plant | - | - | - | - | 36,723,693 |
| Incinerator Plant | - | - | - | - | 40,457,970 |
| Rotocar | - | - | - | - | 24,676,657 |
| Transformer | - | - | - | - | 3,000,000 |
| Transfer | - | - | - | - | (139,491,035) |
| | - | - | - | - | - |
| 15.5 Depreciation | | | | | |
| Cost of sales | 8,389,407 | 6,916,474 | 21.30 | 33,564,025 | 26,872,375 |
| Administrative | 1,978,021 | 1,762,369 | 12.24 | 7,526,599 | 5,852,221 |
| | 10,367,428 | 8,678,843 | 19.46 | 41,090,624 | 32,724,596 |
| 15.6 Security | | | | | |
| As at 31 March 2020, there were no assets pledged as security. | | | | | |
| 16. Inventories | | | | | |
| Diesel | 999,810 | 5,309,304 | (81.17) | 3,784,544 | 1,180,219 |
| QHSE Consumables | 1,246,915 | 626,370 | 99.07 | 1,423,270 | 699,208 |
| Stationeries | 261,212 | 238,601 | 9.48 | 254,204 | 257,190 |
| Technical/Electrical items | 2,995,455 | 2,644,955 | 13.25 | 2,571,100 | 1,571,750 |
| Other consumables | 29,875 | 47,375 | (36.94) | 30,800 | - |
| | 5,533,267 | 8,866,605 | (37.59) | 8,063,918 | 3,708,367 |

The value of inventories recognised as an expense during the period was N5.158 million (2018: N2.530 million).

No inventory was pledged as security during the year.

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



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| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|--|-------------------|--------------------|----------------|--------------------|--------------------|
| 17. Trade and other receivables | | | | | |
| Trade receivables (note 17.1) | 85,609,501 | 333,572,994 | (74.34) | 135,472,885 | 280,541,407 |
| Staff loans and advances (17.2) | 3,181,942 | 6,915,824 | (53.99) | 912,598 | 2,487,532 |
| Receivable due from related parties (note 17.3) | 6,307,001 | 5,144,657 | 22.59 | 6,091,601 | 4,207,331 |
| | 95,098,444 | 345,633,475 | (72.49) | 142,477,084 | 287,236,270 |
| 17.1 Trade receivables | | | | | |
| Receivables from customers | 85,609,501 | 333,572,994 | (74.34) | 155,819,661 | 287,798,773 |
| Allowance for expected credit losses (note 17.1.1) | - | - | - | (20,346,776) | (7,257,366) |
| | 85,609,501 | 333,572,994 | (74.34) | 135,472,885 | 280,541,407 |
| Ageing of trade receivables | | | | | |
| Current | | | | - | - |
| 1 - 30 days past due | 12,834,515 | 10,519,407 | 22.01 | - | 237,328,950 |
| 31 - 60 days past due | 62,849,420 | 40,832,580 | 53.92 | 24,608,735 | 22,033,955 |
| 61 - 90 days past due | 4,816,866 | - | 100.00 | 24,545,817 | 2,003,127 |
| Over 90 days past due | 5,108,700 | 282,221,007 | (98.19) | 106,665,109 | 26,432,741 |
| | 85,609,501 | 333,572,994 | (74.34) | 155,819,661 | 287,798,773 |
| 17.1.1 Movement in allowance for credit losses | | | | | |
| At 1 January | 20,346,776 | 7,257,366 | 180.36 | 7,257,366 | 69,293 |
| Allowance for the year | - | - | - | 13,089,410 | 7,188,073 |
| At 31 March | 20,346,776 | 7,257,366 | 180.36 | 20,346,776 | 7,257,366 |
| 17.2 Key management personnel and staff loans | | | | | |
| Loan to key management personnel | 460,159 | 3,358,815 | (86.30) | - | - |
| Staff loans and advances | 2,721,783 | 3,557,009 | (23.48) | 953,269.00 | 2,487,532 |
| Allowance for expected credit losses | - | - | - | (40,671.00) | - |
| | 3,181,942 | 6,915,824 | (53.99) | 912,598 | 2,487,532 |
| 17.3 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 | | | | | |
| Due from | | | | | |
| The Initiates Uganda Limited - Pre-Incorporation expenses | 6,307,001.00 | 5,144,657.00 | 22.59 | 6,091,601 | 4,207,331 |



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| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|---|--------------------|--------------------|----------------|--------------------|-------------------|
| b. Relationship with key management Personnel | | | | | |
| Key management personnel include the Directors and the management staff of the Company | | | | N | N |
| At 1 January | - | - | - | - | - |
| Funds provided during the year | - | - | - | 2,500,000 | - |
| Repayments in the period | - | - | - | (2,500,000) | - |
| At 31 March | - | - | - | - | - |
| 18. Cash and cash equivalents | | | | | |
| Cash and cash equivalents represent cash in hand and at bank as at year end. | | | | N | N |
| Cash in hand | 299,690 | 134,636 | 122.59 | 127,415 | 125,395 |
| Cash at bank | 7,092,374 | 32,267,603 | (78.02) | 10,294,267 | 78,929,873 |
| | 7,392,065 | 32,402,239 | (77.19) | 10,421,682 | 79,055,268 |
| Treasury bill (note 18.1) | 3,000,000 | - | 100.00 | 3,000,000 | - |
| | 10,392,065 | 32,402,239 | (67.93) | 13,421,682 | 79,055,268 |
| 18.1 Treasury bill | | | | | |
| This represents short term investment in government securities. This investment has a tenor of 182 days with the interest rate of 9% per annum. | | | | | |
| 19. Current tax assets | | | | | |
| These represent withholding tax receivable as at year end. | | | | | |
| At 1 January | 116,863,352 | 97,218,003 | 20.21 | 97,218,003 | 75,477,891 |
| Withholding tax in the period | 9,744,956 | 6,455,653 | 50.95 | 34,762,833 | 30,940,556 |
| Withholding tax utilised during the year | - | - | - | (15,117,484) | (9,200,444) |
| At 31 March | 126,608,308 | 103,673,656 | 22.12 | 116,863,352 | 97,218,003 |
| 20. Other current assets | | | | | |
| Prepaid expenses | 2,846,576 | 5,112,215 | (44.32) | 4,264,376 | 6,432,901 |
| 21. Share capital | | | | | |
| Authorised: (note 21.1) | | | | | |
| 900,000,000 ordinary shares of N0.50 each | 450,000,000 | 450,000,000 | - | 450,000,000 | 450,000,000 |
| Issued and fully paid: (note 21.2) | | | | | |
| 889,981,552 ordinary shares of N0.50 each | 444,990,776 | 444,990,776 | - | 444,990,776 | 444,990,776 |

21.1 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.



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21.2 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.

22. Share premium

| | | | | |
|--------------------------|-------------------|-------------------|----------|-------------------|
| At 1 January | 17,780,000 | 17,780,000 | - | 17,780,000 |
| Additional share premium | - | - | - | - |
| At 31 March | 17,780,000 | 17,780,000 | - | 17,780,000 |

23. Revaluation Reserve

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

| | | | | |
|-------------------------|--------------------|--------------------|--------------|--------------------|
| At 1 January | 303,473,535 | 82,210,528 | 269.14 | 82,210,528 |
| Adjustments (note 23.1) | - | - | - | - |
| Revaluation surplus | - | 139,178,600 | (100.00) | 221,263,007 |
| At 31 March | 303,473,535 | 221,389,128 | 37.08 | 303,473,535 |

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

24. Retained earnings

| | | | | | |
|---|--------------------|--------------------|----------------|--------------------|--------------------|
| At 1 January | 161,389,109 | 163,619,341 | (1.36) | 163,619,341 | 169,621,532 |
| Prior Year Adjustments (note 24.1) | (33,218,028) | 19,395,050 | (271.27) | - | (61,383,246) |
| Dividend paid | - | - | - | (44,499,078) | (35,599,262) |
| Profit for the year | 11,092,412 | 21,171,461 | (47.61) | 42,268,846 | 102,230,307 |
| | 139,263,493 | 204,185,852 | (31.80) | 161,389,109 | 174,869,331 |
| Other comprehensive income: | | | | | |
| Foreign currency translation difference | (248,064) | 5,983,034 | (104.15) | - | (11,249,990) |
| At 31 March | 139,015,429 | 210,168,886 | (33.86) | 161,389,109 | 163,619,341 |

24.1 Prior Year Adjustments

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

| | | | | | |
|--|---------------------|-------------------|-----------------|-------------------|---------------------|
| | | | | 2019 N | 2018 N |
| Adjustment in account payables | (33,218,028) | | 100.00 | - | 827,992 |
| Adjustment in Bank | - | | | - | 23,989 |
| Adjustments in revenue and cost of sales | - | | | - | (58,455,594) |
| Adjustment in VAT and Withholding Tax Liabilities | - | 19,395,050 | (100.00) | - | (200,000) |
| Adjustments of prior year transactions paid in the c | - | | | - | (729,633) |
| Adjustment in property, plant and equipment | - | | | - | (2,850,000) |
| | (33,218,028) | 19,395,050 | (271.27) | - | (61,383,246) |

25. Trade and other payables

| | | | | | |
|------------------------------|-------------------|--------------------|----------------|-------------------|--------------------|
| Trade payables | 45,198,826 | 119,824,698 | (62.28) | 34,092,049 | 140,812,003 |
| Dividend payable (note 25.1) | 3,603,731 | 1,459,333 | 146.94 | 3,603,731 | 1,459,333 |
| Other payables | - | - | - | 339,049 | 74,515 |
| Accruals | 2,460,182 | 18,655,305 | (86.81) | 14,642,456 | 12,557,887 |
| | 51,262,739 | 139,939,335 | (63.37) | 52,677,285 | 154,903,738 |



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| | Q1 2020 | Q1 2019 | CHANGE | 2019 | 2018 |
|--|-------------------|-------------------|----------------|-------------------|-------------------|
| | N | N | % | N | N |
| 25.1 Dividend payable | | | | | |
| At 1 January | 3,603,731 | 1,459,333 | 146.94 | 1,459,333 | 526,676 |
| Unclaimed dividends | - | - | | 2,144,398 | 932,657 |
| Prior Year Dividends approved during the year (note 25.1.1) | - | - | | 44,499,078 | 35,599,262 |
| Payments made during the year | - | - | | (44,499,078) | (35,599,262) |
| At 31 March | 3,603,731 | 1,459,333 | 146.94 | 3,603,731 | 1,459,333 |
| 25.1.1 Cash Dividend | | | | | |
| At the 20th Annual General Meeting held on 25 October 2019, the Shareholders approved dividend of 5 kobo per ordinary share payable out of the profit for the year ended 31 December 2018. | | | | | |
| | | | | 2019 | 2018 |
| | | | | N | N |
| 26. Provisions | | | | | |
| At 1 January | 13,482,130 | 36,028,711 | (62.58) | 36,028,711 | 107,802,085 |
| Provisions made in the year | - | - | | 22,000,000 | 79,000,000 |
| Provisions used during the year | (13,482,130) | (575,350) | 2,243.29 | (44,546,581) | (150,773,374) |
| At 31 March | - | 35,453,361 | (100.00) | 13,482,130 | 36,028,711 |
| 27. Other current tax liabilities | | | | | |
| Pay As You Earn | 503,533 | 4,608 | 10,826.53 | 971,713 | 4,688 |
| Withholding tax payable | 15,500,276 | 6,174,710 | 151.03 | 12,242,787 | 5,063,551 |
| Local Content Tax Liability | 1,228,388 | - | 100.00 | | |
| Value Added Tax - Suppliers | 7,014,091 | 4,649,643 | 50.85 | 11,756,403 | 3,772,983 |
| Value Added Tax - Customers | 22,067,438 | 28,358,355 | (22.18) | 18,692,881 | 25,972,066 |
| At 31 March | 46,313,726 | 39,187,317 | 18.19 | 43,663,784 | 34,813,288 |
| Accrued Haulage and Disposal | - | 621,000 | (100.00) | 6,621,000 | |
| Accrued Auditors Fees | 1,300,000 | 1,500,000 | (13.33) | 2,500,000 | 2,500,000 |
| Accrued Directors' Fees | 65,000 | 65,000 | - | 2,315,000 | 65,000 |
| Accrued Interest on Loan | - | 12,491,025 | (100.00) | | |
| Accrued Performance Bonus | 1,009,937 | 1,009,937 | - | 1,009,937 | 20,550.07 |
| Accrued Staff Salary | 5,809 | 281,122 | (97.93) | 5,809 | 5,808.69 |
| Accrued Professional Fees | 79,436 | 1,500,000 | (94.70) | 1,500,000 | 1,500,000.00 |
| Accrued Directors' Fees | | | | | 240,794.00 |
| Accrued interest on Loan | | | | | 3,791,025.00 |
| Accrued Security & Com Expense | - | 1,187,220 | (100.00) | 690,711 | 897,822.41 |
| At 31 March | 2,460,182 | 18,655,305 | (86.81) | 14,642,457 | 9,021,000 |



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| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|--|--------------|--------------|-------------|-----------|-----------|
| 28. Employees' benefits | | | | | |
| Defined contribution plans (note 28.1) | 1,326,063 | 118,248 | 1,021.42 | 2,055,001 | 118,248 |

28.1 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.

| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|-------------------------------|--------------|--------------|-------------|-------------|--------------|
| At 1 January | 2,055,001 | 118,248 | 1,637.87 | 118,248 | 2,669,645 |
| Provision for the year | 1,326,063 | - | - | 10,807,610 | 10,489,374 |
| Payments made during the year | (2,055,001) | - | - | (8,870,857) | (13,040,771) |
| At 31 March | 1,326,063 | 118,248 | 1,021.43 | 2,055,001 | 118,248 |

29. Borrowings

| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|-------------------------------------|--------------|--------------|-------------|-----------|-------------|
| Guaranty Trust Bank Plc (note 29.1) | - | - | - | - | - |
| Wema Bank Plc (note 29.2) | - | 120,000,000 | (100.00) | - | 120,000,000 |
| Individuals (note 29.3) | - | - | - | - | - |
| | - | 120,000,000 | (100.00) | - | 120,000,000 |



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| | Q1 2020 N | Q1 2019 N | CHANGE % | Q1 2020 BUDGET N | VARIANCE % | 2019 N | 2018 N |
|---|--------------|---------------|-------------|---------------------|---------------|---------------|--------------------|
| 29.1 Invoice Discounting Facility from GTB Plc | | | | | | | |
| At 1 January | - | - | - | - | - | - | - |
| Invoice Discounting Facility in the year | - | 75,840,360 | (100.00) | - | - | 75,840,360 | - |
| Repayments in the year | - | (75,840,360) | (100.00) | - | - | (75,840,360) | - |
| At 31 March | - | - | - | - | - | - | - |
| 29.2 Loan facility from Wema Bank Plc | | | | | | | |
| At 1 January | - | 120,000,000 | (100.00) | - | - | 120,000,000 | 60,000,000 |
| Loan in the year | - | - | - | - | - | - | 165,000,000 |
| Repayments in the year | - | (120,000,000) | (100.00) | - | - | (120,000,000) | (105,000,000) |
| At 31 March | - | - | - | - | - | - | 120,000,000 |
| 29.3 Loans from Individuals | | | | | | | |
| At 1 January | - | - | - | - | - | - | - |
| Loan in the year | - | 25,000,000 | (100.00) | - | - | 25,000,000 | - |
| Repayments in the year | - | (25,000,000) | (100.00) | - | - | (25,000,000) | - |
| At 31 March | - | - | - | - | - | - | - |



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| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | 2018 N |
|--|------------------|------------------|---------------|-------------------|-------------------|
| 30. Information regarding directors and employees | | | | | |
| 30.1. Directors | | | | | |
| Directors' emoluments comprises: | | | | | |
| Fees | - | - | - | 2,250,000 | 2,250,000 |
| Others - salaries and allowances | - | - | - | 18,711,662 | 20,929,297 |
| | - | - | - | 20,961,662 | 23,179,297 |
| Highest paid Director (Managing Director) - emolument | 3,060,000 | 3,060,000 | | 12,913,200 | 12,913,200 |
| Other directors with emoluments | Number Nil | Number Nil | Number Nil | Number Nil | Number Nil |
| The number of directors with gross emoluments within the band stated were: | Number | Number | | Number | Number |
| Below N3,000,000 | - | - | - | - | - |
| N3,000,001 - N7,000,000 | - | - | - | - | - |
| N7,000,001 and above | 1 | 1 | - | 1 | 1 |
| | 1 | 1 | - | 1 | 1 |
| 30.2 Employees | | | | Number | Number |
| Average numbers of persons employed during the year: | | | | | |
| Management | 10 | 10 | - | 10 | 10 |
| Senior Staff | 11 | 10 | 10.00 | 13 | 16 |
| Junior Staff | 28 | 28 | - | 28 | 26 |
| | 49 | 48 | | 51 | 52 |
| Aggregate payroll costs | | | | N | N |
| Salaries and allowances | 16,766,425 | 16,933,007 | (0.98) | 72,773,148 | 74,060,130 |
| The number of employees in Nigeria with gross emoluments within the bands stated were: | | | | Number | Number |
| N100,000 | 15 | 15 | - | 15 | 18 |
| N500,001 | 14 | 12 | 16.67 | 14 | 12 |
| N1,000,001 | 8 | 9 | (11.11) | 9 | 9 |
| N1,500,001 | 12 | 12 | - | 13 | 13 |
| | 49 | 48 | 2.08 | 51 | 52 |



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31. 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.



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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

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:

| | | Q1 2020 | Q1 2019 | CHANGE | 2019 | 2018 |
|-----------------------------|------|--------------------|--------------------|----------------|--------------------|--------------------|
| | Note | N | N | % | N | N |
| Trade and other receivable: | 19 | 95,098,444 | 345,633,475 | (72.49) | 142,477,084 | 287,236,270 |
| Cash and cash equivalents | 20 | 10,392,065 | 32,402,239 | (67.93) | 13,421,682 | 79,055,268 |
| | | 105,490,508 | 378,035,714 | (72.10) | 155,898,766 | 366,291,538 |

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

| | | Q1 2020 | Q1 2019 | CHANGE | | |
|--------------------------|------|-------------------|--------------------|----------------|--------------------|--------------------|
| | Note | N | N | % | | |
| Customers | 19 | 85,609,501 | 333,572,994 | (74.34) | 135,472,885 | 280,541,407 |
| Related parties | 19 | 3,181,942 | 6,915,824 | (53.99) | 6,091,601 | 4,207,331 |
| Staff loans and advances | 19 | 6,307,001 | 5,144,657 | 22.59 | 912,598 | 2,487,532 |
| | | 95,098,444 | 345,633,475 | (72.49) | 142,477,084 | 287,236,270 |

The Company's most significant customer accounts for N80.0 million (2018:N250.3 million) of the trade and other receivables carrying amount at 31 March 2020



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ii Impairment losses

Trade receivables

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

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

31 December 2019

| | Trade Receivables | | | | | 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 |

31 December 2018

| | 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% | 27.46% | |
| Estimated total gross carrying amount at default | - | 237,328,950 | 22,033,955 | 2,003,127 | 26,432,741 | 287,798,773 |
| Expected credit loss | - | - | - | - | (7,257,366) | (7,257,366) |
| | - | 237,328,950 | 22,033,955 | 2,003,127 | 19,175,375 | 280,541,407 |

Expected credit loss measurement - other financial assets

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



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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.



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

| 31 March 2020 | Carrying Amount | Contractual Cash flows | Less than 1 | 1-2 Years | 2-5 Years |
|---|------------------------|-------------------------------|--------------------|--------------------|------------------|
| Non derivative financial liabilities | | | | | |
| Borrowings | - | - | - | - | - |
| Trade and other payables | 45,198,826 | 45,198,826 | - | - | - |
| | 45,198,826 | 45,198,826 | - | - | - |
| 31 March 2019 | Carrying Amount | Contractual Cash flows | Less than 1 | 1-2 Years | 2-5 Years |
| Non derivative financial liabilities | | | | | |
| Borrowings | 120,000,000 | 120,000,000 | 120,000,000 | - | - |
| Trade and other payables | 119,824,698 | 119,824,698 | - | 119,824,698 | - |
| | 239,824,698 | 239,824,698 | 120,000,000 | 119,824,698 | - |

c. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign currency risk, commodity price risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

i Currency risk

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

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

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments. As a result the exchange rate use for 2020 fiscal year is N360 to \$1, N392.66 for 1 Euro and N445.22 for GB Pounds.

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.



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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.

31.1 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.



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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:

| | Q1 2020 | | Q1 2019 | | 2019 | | 2018 | |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | N | N | N | N | N | N | N | N |
| Loans and receivabl | 95,098,444 | 95,098,444 | 345,633,475 | 345,633,475 | 142,477,084 | 142,477,084 | 287,236,270 | 287,236,270 |
| Cash and cash equi | 10,392,065 | 10,392,065 | 32,402,239 | 32,402,239 | 13,421,682 | 13,421,682 | 79,055,268 | 79,055,268 |
| | 105,490,508 | 105,490,508 | 378,035,714 | 378,035,714 | 155,898,766 | 155,898,766 | 366,291,538 | 366,291,538 |

| | Q1 2020 | | Q1 2019 | | 2019 | | 2018 | |
|-----------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial liabilities | N | N | N | N | N | N | N | N |
| Borrowings | - | - | 120,000,000 | 120,000,000 | - | - | 120,000,000 | 120,000,000 |
| Trade and other pay | 51,262,739 | 51,262,739 | 139,939,335 | 139,939,335 | 52,677,285 | 52,677,285 | 154,903,738 | 154,903,738 |
| | 51,262,739 | 51,262,739 | 259,939,335 | 259,939,335 | 52,677,285 | 52,677,285 | 274,903,738 | 274,903,738 |



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At the end of the first quarter, the carrying amounts of loans and receivables and trade and other payables reasonable estimated

31.2 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:

| | Q1 2020 | Q1 2019 | CHANGE | 2019 | 2018 |
|--------------------------------------|--------------|--------------|---------|--------------|--------------|
| | N | N | % | N | N |
| Total liabilities | 208,691,039 | 406,052,542 | (48.60) | 221,666,709 | 420,883,615 |
| Cash and cash equivalents | (10,392,065) | (32,402,239) | (67.93) | (13,421,682) | (79,055,268) |
| Net debt | 198,298,974 | 373,650,303 | (46.93) | 208,245,027 | 341,828,347 |
| Total Equity | 905,259,740 | 894,328,790 | 1.22 | 927,633,420 | 708,600,645 |
| Debt to capital ratio as at March 31 | 0.22 | 0.42 | (47.57) | 0.22 | 0.48 |

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



DOCUMENT TITLE: 2020 FIRST QUARTER MANAGEMENT ACCOUNT

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2020

32. Guarantees and other financial commitments

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

33. 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.

34. Contingent liabilities

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

35. Capital commitments

There were no capital commitments at 31 March 2020

36. Events after the reporting date

COVID-19

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

37. Earnings per Share

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

| | Q1 2020 | Q1 2019 | CHANGE | 2019 | 2018 |
|--|--------------------|--------------------|----------------|--------------------|--------------------|
| | N | N | % | N | N |
| Profit attributable to ordinary shareholders (in naira) | 11,092,412 | 21,171,461 | (47.61) | 42,268,846 | 102,230,307 |
| Number of ordinary shares issued and fully paid for basic earnings per share (in | 889,981,552 | 889,981,552 | - | 889,981,552 | 889,981,552 |
| Basic earnings per 50 kobo share | 1.25 | 2.38 | (47.61) | 4.75 | 11.49 |



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OTHER NATIONAL DISCLOSURES



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**STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED 31ST MARCH 2020**

| | Q1 2020 N | Q1 2019 N | CHANGE % | 2019 N | % | 2018 N | % |
|---|-------------------|-------------------|-------------|--------------------|------------|--------------------|------------|
| Revenue from contracts with customers | 161,538,724 | 181,458,814 | (10.98) | 550,218,779 | | 700,798,753 | |
| Other income | 361,446 | 1,536,270 | (76.47) | 30,140,845 | | 22,643,412 | |
| | 161,900,170 | 182,995,084 | (11.53) | 580,359,624 | | 723,442,165 | |
| Less: Bought in materials and services | | | | | | | |
| Imported | - | - | | 53,514,815 | | 68,293,750 | |
| Local | 123,673,905 | 136,211,772 | (9.20) | 317,160,479 | | 413,499,220 | |
| Value added | 38,226,265 | 46,783,312 | (18.29) | 209,684,330 | 100 | 241,649,195 | 100 |
| Applied as follows: | | | | | | | |
| To pay employees' salaries wages and other benefits | 16,766,425 | 16,933,007 | (0.98) | 72,773,148 | 35 | 74,060,130 | 31 |
| To pay Government taxation | - | - | | 15,743,266 | 7 | 18,782,621 | 8 |
| To provide for enhancement of assets and expansion: | | | | | | | |
| - deferred tax | - | - | | 37,808,446 | 18 | 25,101,531 | 10 |
| - depreciation of fixed assets | 10,367,428 | 8,678,843 | 19.46 | 41,090,624 | 20 | 32,724,596 | 13 |
| - retained in the business | 11,092,412 | 21,171,461 | (47.61) | 42,268,846 | 20 | 90,980,317 | 38 |
| | 38,226,265 | 46,783,312 | (18.29) | 209,684,330 | 100 | 241,649,195 | 100 |

Note: "Value added" represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth amongst employees, capital providers, government, and that retained for future creation of wealth.



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FIVE YEARS FINANCIAL SUMMARY

| | ← 2019 | 2018 | 2017 | 31 December 2016 | → 2015 |
|--|----------------------|----------------------|----------------------|---------------------|--------------------|
| | N | N | N | N | N |
| Assets employed | | | | | |
| Non-current Assets | 864,209,717 | 655,833,451 | 678,098,211 | 587,311,661 | 510,297,266 |
| Other non-current assets | - | - | - | - | 10,000,000 |
| Current Assets | 285,090,412 | 473,650,809 | 465,676,462 | 271,955,506 | 218,027,195 |
| Total Assets | 1,149,300,129 | 1,129,484,260 | 1,143,774,673 | 859,267,167 | 738,324,461 |
| Equity | | | | | |
| Issued capital | 444,990,776 | 444,990,776 | 444,990,776 | 444,990,776 | 444,990,776 |
| Share premium | 17,780,000 | 17,780,000 | 17,780,000 | 17,780,000 | 17,780,000 |
| Revaluation reserve | 303,473,535 | 82,210,528 | 83,410,528 | 83,410,528 | 83,410,528 |
| Retained earnings | 161,389,109 | 163,619,341 | 169,621,532 | 152,938,913 | 33,869,063 |
| | 927,633,420 | 708,600,645 | 715,802,836 | 699,120,217 | 580,050,367 |
| Liabilities | | | | | |
| Non-current liabilities | 92,186,159 | 54,377,713 | 29,276,182 | 46,533,814 | 8,268,457 |
| Current liabilities | 129,480,550 | 366,505,902 | 398,695,655 | 113,613,136 | 150,005,637 |
| Total liabilities and equity | 1,149,300,129 | 1,129,484,260 | 1,143,774,673 | 859,267,167 | 738,324,461 |
| Revenue | 550,218,779 | 700,798,753 | 664,901,943 | 648,144,614 | 345,766,927 |
| Profit before taxation | 95,820,558 | 146,114,459 | 73,466,455 | 203,183,451 | 60,051,096 |
| Income tax expense | (53,551,712) | (43,884,152) | 8,511,955 | (65,052,877) | (22,883,903) |
| Profit after taxation | 42,268,846 | 102,230,307 | 81,978,410 | 138,130,574 | 37,167,193 |
| Other Comprehensive income | | | | | |
| Foreign currency translation difference | - | (11,249,990) | (16,504,401) | (2,507,724) | - |
| Revaluation surplus on property, plant and equipment | 221,263,007 | - | - | - | 37,501,392 |
| Other comprehensive income for the year | 221,263,007 | (11,249,990) | (16,504,401) | (2,507,724) | 37,501,392 |
| Total comprehensive income for the year | 263,531,853 | 90,980,317 | 65,474,009 | 135,622,850 | 74,668,585 |
| Basic earnings per share (kobo) | 5 | 11 | 9 | 16 | 4 |
| Net assets per share (kobo) | 104 | 80 | 80 | 79 | 65 |

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

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