NORTHERN NIGERIA FLOUR MILLS PLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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CORPORATE INFORMATION

DIRECTORS

Alhaji (Dr.) Aminu A. Dantata, OFR		-	Chairman
Mr. John G. Coumantaros	(US. Citizen)	-	Vice Chairman
Alhaji Rabiu M. Gwarzo, OON		-	Vice Chairman
Mr. Gert Kriek	(South African)	-	Managing Director
Chief (Sir) Emmanuel A. Upkabi			
Alhaji Sani Umar			
Mr. Paul M. Gbededo			
Mr. Costas Theodorakopoulos	(Greek)		
Alhaji Y. Olalekan A. Saliu			
Dr. Mahmoud Isa-Dutse			
Alhaji Garba Aliyu Hungu			
Mallam Mahmud Ahmed			
Mr. Peter Kradolfer			

COMPANY SECRETARY
Miyetti Nominees Limited
26, Post Office Road
Kano

REGISTERED OFFICE
15, Maimalari Road
Bompai Industrial Estate,
P.O.Box 6640
Kano
E-mail: nnfmplc@yahoo.com

JOINT AUDITORS
Akintola Williams Deloitte
(Chartered Accountants)
4th Floor Bank of Industry Building
Plot 256, Zone AO Cadastral
Off Herbert Macaulay Way
Central Business District
Abuja, FCT

Aminu Ibrahim & Co
(Chartered Accountants)
City Plaza
Plot 596 Ahmadu Bello Way
Garki, FCT

REGISTRAR AND TRANSFER OFFICE
Flour Mills Registrars Ltd.
45,Eric Moore Road
Iganmu
(BAGCO) Building
P.O.Box 341
Apapa
Lagos State

BANKERS
Access Bank Plc
Guarantee Trust Bank Plc
First Bank of Nigeria Plc
Union Bank of Nigeria Plc
Zenith Bank Plc
Sterling Bank Plc

SOLICITORS
Messrs J. B Majiyagbe & Co.
4, Human Rights Avenue
P.O.Box 726
Kano

RESULTS AT A GLANCE

	2014 N'000	2013 N'000	% Change
Turnover	11,392,017	11,701,741	(2.65)
Profit before taxation	341,800	330,377	3.46
Profit for the year	233,545	225,145	3.73
Total comprehensive income for the year	239,475	252,572	(5.19)
Retained earnings	1,595,291	1,427,096	11.79
Share capital	89,100	89,100	-
Shareholders' fund	1,773,912	1,605,717	10.47

PER SHARE DATA:

Based on 178,200 (2011:178,200) million ordinary shares of 50k each:

	2014	2013	% Change
Earnings per share (Kobo):			
- Basic	131	126	3.73
- Diluted	131	126	3.73
Net assets per share (Kobo)			
- Basic	995	901	10.47
- Diluted	995	901	10.47
Number of employees (number)	310	330	(6.06)

DIRECTORS' REPORT

The Directors have the pleasure in submitting to the members of the Company, their report together with the audited financial statements for the year ended 31st March, 2014.

PRINCIPAL ACTIVITY

The Company's main business is flour milling.

RESULTS

	2014 N'000	2013 N'000
Turnover	11,392,017	11,701,741
Profit before taxation	341,800	330,37
Taxation	(108,255)	(105,232)
Profit for the year after taxation	233,546	225,145

The profit retained in the business at 31st March, 2014 amounted to N1,595,292.00

DIRECTORS AND THEIR INTEREST

As at 31st March, 2014, the following Directors were in office:

Alhaji (Dr.) Aminu A. Dantata, CON	Alhaji Y. Olalekan A. Saliu
Mr. John G. Coumantaros	Dr. Mahmoud Isa Dutse
Alhaji Rabi'u M. Gwarzo, OON	Mallam Mahmud Ahmed
Chief (Dr.) Emmanuel A. Ukpabi	Alhaji Garba Aliyu Hungu
Mr. Paul M. Gbededo	Mr. Peter Kradolfer
Alhaji Sani Umar	

In accordance with Section 259 of the Companies and Allied Matters Act, 1990, Dr. Mahmoud Isa Dutse, Alhaji Garba Aliyu Hungu and Alhaji Sani Umar and Mallam Mahmud Ahmed retire by rotation and being eligible, offer themselves for re-election.

The interest of the Directors in Issued Share Capital of the Company as recorded in the Register of Members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act 1990 are as follows:

DIRECTORS' SHAREHOLDING

As at 31st March, 2014		
Names	**Direct**	**Indirect**
Alhaji (Dr.) Aminu A. Dantata, CON	1,111,195	11,661,114
Dr. Mahmoud Isa Dutse	193,216	-
Chief (Dr.) E. A. Ukpabi	163,502	-
Alhaji Rabi'u M. Gwarzo, OON	609,598	-
Alhaji Y. Olalekan A. Saliu	97,881	-
Alhaji Sani Umar	232,863	-

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES

In accordance with the provision of Section 334 and 335 of the Companies and Allied Matters Act 1990, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company at the end of the year and its profit or loss, and comply with the Companies and Allied Matters Act, 1990. In doing so they ensure that:

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

FIXED ASSETS

Particulars of the changes arising from the additions and disposals of fixed assets during the year are contained in Notes 6 and 7 of the financial statements.

CORPORATE GOVERNANCE

- The Company is committed to best practice and procedures in corporate governance. Its business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.
- Members of the Board of Directors of the Company hold a minimum of quarterly meeting to decide on policy matters and direct affairs of the Company. All other strategies and finances are also discussed at the meetings. Records of attendance of Directors at the meetings is presented below:

S/N	Name	**Held**	**Attendance**	**Remarks**
1.	Alhaji (Dr.) Aminu A. Dantata, CFR			
2.	Mr. John G. Coumantaros			
3.	Alhaji Rabi'u M. Gwarzo, OON			
4.	Chief (Sir) Emmanue. A. Ukpabi			
5.	Alhaji Sani Umar			
6.	Mr. Paul M. Gbededo			
7.	Alhaji Y. Olalekan A. Saliu			
8.	Dr. Mahmoud Isa Dutse			
9.	Mallam Mahmud Ahmed			
10.	Alhaji Garba Aliyu Hungu			
11.	Mr. Peter Kradolfer			

DONATIONS

The Company continues to donate to local charities as and when the need arises. No donation was made to political parties or political activities. The following donations were made during the year:

	N
Dawanau Rehabilitation centre	482,360
Nassarawa children's home	167,700
Tudun Maliki school of deaf and blind	362,700
Torry home	104,700
	1,117,460

COMPANY'S DISTRBUTORS

The Company does not have registered distributors.

DIRECTORS' REPORT (Continued)

SUPPLIERS

The Company obtains its materials at arm's length basis from overseas and local suppliers.

DISABLED PERSONS

The Company employs disabled persons who are found suitable to particular types of work.

HEALTH, SAFETY AT WORK AND WELFARE OF EMPLOYEES

The Company always ensures that high hygienic standard of the premises is maintained. Work environment is always kept safe and conducive. In order to ensure prompt attention to its employees, the Company operates its own clinic. In addition, the Company has agreement with a number of private hospitals run by qualified medical doctors to whom serious cases are referred to for treatment and/or admission.
Lunch is provided in the staff canteen at heavily subsidized prices for junior and senior staff.

EMPLOYEES INVOLVEMENT AND TRAINING

The Company encourages the formation of Trade Unions. Staff welfare scheme is currently in operation. A well established on-the-job training scheme is in place for all categories of staff.

AUDIT COMMITTEE

In accordance with Section 359(3) of the Companies and Allied Matters Act 1990, the Company has in place an Audit Committee comprising three Directors and three Shareholders as follows:

Alhaji Muhammad Isma - Chairman
Alhaji Rabi'u M. Gwarzo, OON
Mr. J. O. Salami
Mallam Mahmu Ahmed
Alhaji Garba Aliyu Hungu
Alhaji Isa Muhammad Borodo

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act 1990.

AUDITORS

The joint auditors Messrs Akintola Williams Deloitte and Aminu Ibrahim & Co. have indicated their willingness to continue in office as the Company's auditors in accordance with Section 357(2) of the Companies and Allied Matters Act 1990. A resolution will be proposed to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

MIYETTI NOMINEES LIMITED
Company Secretaries

Kano, Nigeria
30th July, 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004 requires the Directors to prepare the financial statements of the Company that give a true and fair view of the state of the financial affairs of the Company at the end of the year and cash flows for the year.

The responsibilities include ensuring that the Company:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004;

(b) establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its financial statements using accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature:	Signature:
Name:	Name:
Date:	Date:

REPORT OF THE INDEPENDENT JOINT AUDITORS TO THE MEMBERS OF

NORTHERN NIGERIA FLOUR MILLS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of **Northern Nigeria Flour Mills Plc** which comprise the statement of financial position as at 31 March 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity**,** statement of cash flows for the year ended 31 March 2014, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Northern Nigeria Flour Mills Plc** as at 31 March 2014 and the financial performance and cash flows for the year then ended 31 March 2014. **Northern Nigeria Flour Mills Plc** have kept proper books of account in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Folorunso Hunga, FCA - FRC/2013/ICAN/00000001709

for: **Akintola Williams Deloitte**
Chartered Accountants
Abuja, Nigeria
30 July 2014

Habibu Muhammed, FCA - FRC/2013/ICAN/00000003478

for: Aminu Ibrahim & Co
Chartered Accountants
Abuja, Nigeria
30 July 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2014 N'000	2013 N'000
Continuing operations			
Revenue	6	11,392,017	11,701,741
Cost of sales		(10,914,736)	(10,918,335)
Gross profit		477,281	783,406
Other operating income	7	78,444	63,652
Trading income	8	2,117,389	716,977
Trading expenses	11	(1,839,076)	(612,212)
Other gains or losses		19,324	13,840
Selling and distribution expenses		(19,940)	(11,054)
Administration expenses	24	(488,128)	(589,373)
Operating profit		345,294	365,236
Investment income	9	20,282	20,137
Finance cost		(14,047)	(27,030)
Other expenses	10	(9,728)	(27,966)
Profit before tax	25	341,800	330,377
Income tax expense	20.1	(108,255)	(105,232)
Profit for the year		233,545	225,145
Other comprehensive income for the year, net of taxes		-	-
Actuarial gains (net of tax)		5,930	27,427
Total comprehensive income		**239,475**	**252,572**
Total comprehensive income attributable to:			
Owners of the Company		239,475	252,572
		239,475	**252,572**
Earnings per share (kobo)			
From continuing operations			
Basic	26	131	126
Diluted	26	131	126

STATEMENT OF FINANCIAL POSITION

	Notes	2014 N'000	2013 N'000
Assets			
Non-current assets			
Property, plant and equipment	12	678,886	837,389
Intangible assets	13	10,803	20,317
Total non-current assets		689,689	857,706
Current assets			
Inventories	14	1,584,937	1,590,166
Trade and other receivables	15	465,609	550,030
Cash and bank balances	16	526,380	625,515
Total current assets		2,576,926	2,765,711
Total assets		**3,266,615**	**3,623,417**
Equity and Liabilities			
Capital and reserves			
Share capital	17	89,100	89,100
Share premium	18	89,521	89,521
Retained earnings	19	1,595,291	1,427,096
Total equity		1,773,912	1,605,717
Non-current liabilities			
Deferred tax liabilities	20.4	42,400	26,651
Retirement benefit obligation	21	262,589	356,946
Total non-current liabilities		304,989	383,597
Current liabilities			
Trade and other payables	22	1,080,453	1,516,431
Provisions	23	10,290	14,620
Current tax liabilities	20.3	92,506	79,251
Dividend	27	4,465	23,801
Total current liabilities		1,187,714	1,634,103
Total liabilities		1,492,703	2,017,700
Total equity and liabilities		**3,266,615**	**3,623,417**

These financial statements on page 7 to 50 were approved by the Board of Directors on 26 June 2014 and signed on its behalf by:

Alhaji Y. O. A. Saliu - **Director**
FRC/2013/ICAN/00000003595

Alhaji Sani Umar - **Deputy Managing Director**
FRC/2014/IODN/00000008814

Wada Muhammad - **General Manager Finance**
FRC/2014/IODN/00000008815

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained Earnings	Total
Balance at 1 April 2012	**89,100**	**89,521**	**1,174,524**	**1,353,145**
Profit for the year	-	-	222,145	**222,145**
Other comprehensive income for the year	-	-	27,427	**27,427**
Balance at 31 March 2013	**89,100**	**89,521**	**1,424,096**	**1,602,717**
Profit for the year	-	-	233,545	233,545
Other comprehensive income for the year	-	-	5,930	5,930
Total comprehensive income	-	-	239,475	239,475
Dividend paid	-	-	(71,280)	(71,280)
Balance at 31 March 2014	89,100	89,521	1,592,291	1,770,912

STATEMENT OF CASH FLOWS

	Notes	2014 N'000	2013 N'000
Cash flows from operating activities			
Profit for the year		233,545	225,145
Adjustments for:			
Depreciation		156,641	181,631
Interest received		-	(20,137)
		(20,282)	
Finance cost		14,047	27,030
Other gains and losses		(19,324)	(13,840)
Operating cash flows before movements in working capital		364,627	399,829
Changes in assets and liabilities:			
Decrease in stocks		5,230	286,784
Decrease/(increase) in trade and other receivables		84,421	(50,062)
(Decrease)/increase in trade and other payables		(659,645)	358,775
Decrease in retirement benefits		(78,933)	(9,010)
Increase in deferred taxation		15,749	26,651
Increase in tax payable		13,255	112,764
Net cash (used in)/generated by operating activities		**(55,295)**	**1,125,731**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		165,840	77,157
Purchase of property, plant and equipment	12	(144,635)	(343,476)
Interest received		20,282	20,137
Net cash provided by (utilised) by investing activities		**41,487**	**(246,182)**
Cash flows from financing activities			
Finance charges		(14,047)	(27,030)
Dividend paid	19	(71,280)	-
Net cash used in financing activities		**(85,327)**	**(27,030)**
Net(decrease)/ increase in cash and cash equivalents		(99,135)	852,519
Cash and cash equivalents at the beginning of the year		625,515	(227,004)
Cash and cash equivalents at the end of the year	16	**526,380**	**625,515**

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

1.1 Legal form

Northern Nigeria Flour Mills Plc was incorporated as a private limited company on 29 October 1971. The Company was converted to a public limited liability company in 1978 and was quoted on the Nigerian Stock Exchange in the same year. The Company's registered office and factory is located at No 15 Maimalari Road, Bompai, Kano.

1.2 Principal Activity

The Company's main business is milling of wheat and other associated grains.

1.3 Going concern status

The Company has consistently been making profits. The Directors believe that there is no intention or threat from any source to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on going concern basis.

1.4 Financial period

The financial statements cover the financial period from 1 April 2013 to 31 March 2014 with comparative information for the period 1 April 2012 to 31 March 2013.

2 Operating environment

The operating environment continued to be tough as a result of security challenges in some parts of the world, the country and more especially the northern region where by movements of goods, people and capital around the globe was restricted with a negative impact on growth and economic development.
Furthermore, the drop in power generation and supply from the national grid not only resulted in high cost of production but also increased pressure on consumer disposable income with a negative multiplier effect on demand and standard of living.

Changes in leadership of the apex bank (the Central Bank of Nigeria) within the period under review fueled concerns about stability of exchange rate. However, the assurance of no devaluation of the local currency by the new leadership in the immediate curtailed speculations within the market even though foreign external reserves tumbled.

Despite the challenges, efforts will be made to explore new opportunities to improve profitability and performance.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

	Effective date
IFRS 9 Financial Instruments	annual periods beginning on or after 1 January 2018
IFRS 10 Consolidated Financial Statements	annual periods beginning on or after 1 January 2013
IFRS 11 Joint Arrangements	annual periods beginning on or after 1 January 2013
IFRS 13 Fair Value Measurement	annual periods beginning on or after 1 January 2013
IFRS 14 Regulatory deferral Accounts	annual periods beginning on or after 1 January 2016
IFRS 15 Revenue from Contracts with Customers	annual periods beginning on or after 1 January 2017
IAS 19 (as revised in 2011) Employee Benefits	annual periods beginning on or after 1 January 2013
IAS 27 (as revised in 2011) Separate Financial Statements	annual periods beginning on or after 1 January 2013
IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures	annual periods beginning on or after 1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

3.0 Application of new and revised International Financial Reporting Standards (continued)

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that the standard will be adopted in the Company's financial statements for the annual period beginning 1 January 2015. The application of this standard will not have significant impact on amounts reported in the financial statements.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, pending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS

31 can be accounted for using the equity method of accounting or proportionate accounting.

NOTES TO THE FINANCIAL STATEMENTS

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

3.1 New and revised IFRS in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS	EFFECTIVE DATE
IFRS 9 Financial instruments	Annual period beginning on or after 1st January 2015
IFRS 14 Regulatory Deferral Accounts	Annual period beginning on or after 1st January 2016
IFRS 15 Revenue from contracts with customers	Annual period beginning on or after 1st January 2017

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include the requirements for the classification and key requirements of IFRS 9 as follows:

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments –Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held with in a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability.

IFRS 9 is effective for annual period beginning on or after 1 April 2015.

IFRS 14 -Regulatory Deferral Accounts

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 14 was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016. It is designed as a limited scope Standard to provide an interim, short-term solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS). Its purpose is to allow rate-regulated entities adopting IFRS for the first-time to avoid changes in accounting policies in respect of regulatory deferral accounts until such time as the International Accounting Standards Board (IASB) can complete its comprehensive project on rate regulated activities.

NOTES TO THE FINANCIAL STATEMENTS

3.1 New and revised IFRS in issue but not yet effective (continued)

IFRS 14 is effective for an entity's first annual IFRS financial statements that are for a period beginning on or after 1 January 2016. The standard can be applied earlier, but the entity must disclose when it has done so.

IFRS 15 -Revenue from Contracts with Customers

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

IFRS 15 was issued in May 2014 and the application of the standard is mandatory for annual reporting periods starting from 1 January 2017 onwards. Early application is permitted.

3 Application of new and revised International Financial Reporting Standards (continued)

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are Companyed into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified

accordingly when the amendments are applied in the future accounting periods.

NOTES TO THE FINANCIAL STATEMENTS

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

4 Significant accounting policies

4.1 Statement regarding status of compliance with IFRSs

The Company's financial statements for the year ended 31 March 2014 is prepared in accordance with IFRS. The accompanying comparative financial statements relate to the full year ended 31 March 2013. The Company's financial statements are presented in accordance with, and comply with, International Financial Reporting Standards (IFRS) and International Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these statements.

4.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.
The significant accounting policies are set out below:

4.3 Revenue recognition

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

4.3.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

NOTES TO THE FINANCIAL STATEMENTS

4.4 Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.5 Foreign currency translation

For the purpose of these financial statements, the results and financial position of NNFM Plc are expressed in Naira, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

4.6 Pensions and other post-employment benefits

The Company operates a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2004 with employee contributing 6% and employer contributing 9% each of the employee's relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

The Company also operates a gratuity scheme for its qualified staff. Benefits are related to the employees' length of service and remuneration. The cost of providing gratuity benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses (if any) are recognised fully in other comprehensive income. Also, past service cost is recognised immediately in profit or loss.

4.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

4.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.8 Property, plant and equipment.

Land and buildings mainly comprise factories, depots, warehouses and offices. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced

part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation on property, factory buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following basis:

	Years
Leasehold land and building	20
Fixed plant	10
Mobile plant	10
Factory fittings, furniture and office equipment	10
Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Profits and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts. These profits and losses are included within 'items of a capital nature' in profit or loss.

Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy.

4.9 Impairment of tangible and intangible assets excluding goodwill and financial assets.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease subject to the available surplus in the revaluation reserve.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased

carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

4.10 Inventories

Inventories are stated in the financial statements at the lower of cost and net realisable value. Raw Materials which include purchase cost and other costs incurred to bring the materials to their location and condition, are valued at First-In-First-Out (FIFO). Cost of finished goods and work-in-progress which include direct labor and factory overheads.

Engineering spare parts and other consumables are valued at standard cost and adjusted to reflect actual cost after making allowance for obsolete and damaged stocks. Engineering spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalised and depreciated over their useful life and the useful life starts when they are put to use. If the estimated useful life of the spare parts from installation exceeds that for the whole plant, depreciation is limited to the remaining life of the plant.

4.11 Trade payables

Trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect is material.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments generally with maturities of three months or less from the date of acquisition. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

4.13 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.14 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from

the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

4.14.1 Financial assets

The Company's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

4.14.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include 'trade and other receivables', 'loans to joint ventures' and 'cash and cash equivalents' in the statement of financial position which are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4.14.3 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the

allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

4.14.4 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.
On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4.15 Financial liabilities and equity instruments

4.15.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

4.15.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4.15.3 Financial liabilities

Financial liabilities are classified as ‘other financial liabilities'.

NOTES TO THE FINANCIAL STATEMENTS

4.15.3.1 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value. Subsequently they are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4.15.3.2 Derecognition of financial liabilities

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

4.16 Segment information

The Company is involved in the milling of wheat and other associated grains. There is only one business segment and operating results of the segment reported regularly to the Chief Operating Decision Maker (the Chief Executive Officer) for purposes of resource allocation and performance assessment.

4.17 The company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares in issue during the year.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company’s accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the directors have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5.1 Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company, accounting for about 21% of the Company's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

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

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

5.2 Provision for gratuity

The Company operates an unfunded defined benefit scheme which entitles staff who put in a minimum qualifying working period of five years to gratuity upon leaving the employment of the Company. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making of several demographic projections regarding mortality, rates of employee turnover etc. and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

5.3 Allowance for doubtful receivables

Judgment is exercised to make allowance for trade receivables doubtful of recovery by reference to the financial and other circumstances of the debtor in question. Based on objective evidence of impairment, the Company makes a collective impairment allowance for doubtful debt.

5.4 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS

		3/31/2014 N'000	31/3/2013 N'000
6	**Revenue**		
	Golden penny wheat flour	9,118,016	9,210,015
	Semovita	1,255,394	1,578,535
	Wheat offal	620,344	701,538
	Masaflour/Masavita	366,710	193,609
	Corn offal	31,553	18,044
		11,392,017	**11,701,741**
7	**Other operating income**		
	Sundry income	71,953	45,012
	Transportation cost recovered	4,358	15,177
	Rental income	2,133	3,463
		78,444	**63,652**
8	**Trading income**		
	Sales GP confectionery flour	1,927,220	397,110
	Sales of GP sugar	133,628	-
	Sales of GP rice	56,541	319,867
		2,117,389	**716,977**
9	**Investment income**		
	Interest income	20,282	20,137
		20,282	**20,137**
10	**Other expenses**		
	Exchange loss	-	19,124
	Other operating expenses	9,728	8,842
		9,728	**27,966**
11	**Trading expenses**		
	Cost of GP confectionery flour	1,652,580	340,421
	Cost of GP sugar	131,476	-
	Cost of GP rice	55,020	271,791
		1,839,076	**612,212**

NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

	Land N'000	Buildings N'000	Plant and machinery N'000	Loose tools and workshop equipment N'000	Furniture and Fittings N'000	IT equipment N'000	Motor Vehicles N'000	Trailers N'000	Pallets N'000	Capital work-in-progress N'000	Total N'000
Cost or valuation											
Balance at 1 April 2013	-	109,673	939,883	7,605	40,037	37,054	129,389	624,037	2,776	73,814	1,964,268
Additions		2,092	6,220	-	842	725	-	-	-	134,756	144,635
Disposals	-	-	-	-	-	-	-	(375,383)	-	-	(375,383)
Reclassification	-	-	194,658	-	-	-	-	-	-	(194,658)	-
Balance at 31 March 2014	-	111,765	1,140,761	7,605	40,879	37,779	129,389	248,654	2,776	13,912	1,733,520
Accumulated depreciation and impairment											
Balance at 1 April 2013	-	35,504	560,739	6,911	30,427	32,916	84,965	372,641	2,776	-	1,126,879
Depreciation expense	-	2,195	70,876	-	2,132	2,789	16,661	61,988	-	-	156,641
Eliminated on disposal	-	-	-	-	-	-	-	(228,886)	-	-	(228,886)
Balance at 31 March 2014	-	37,699	631,615	6,911	32,559	35,705	101,626	205,743	2,776	-	1,054,634
Carrying amount											
At 31 March 2014	-	74,066	509,146	694	8,320	2,074	27,763	42,911	-	13,912	678,886
At 31 March 2013	-	74,169	379,144	694	9,610	4,138	44,424	251,396	-	73,814	837,389

12.1 Capital work in progress relates to cost of acquisition and installation of Maize intake cleaning equipment, dry stoner, degerminator 1kg Masavita packer and bag chutes.

12.2 There are no indicators of impairment at the end of the reporting period. Thus, the directors are of the opinion that allowance for impairment is not required.

12.3 No asset of the Company was pledged as security for loans during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

	3/31/2014 N'000	3/31/2013 N'000
13 Intangible assets (Computer software)		
Cost		
At 1 April	38,056	38,056
Additions	-	-
At 31 March	**38,056**	**38,056**
Accumulated depreciation and impairment		
Balance at 1 April	17,739	10,473
Charge for the year	9,514	7,266
At 31 March	**27,253**	**17,739**
Net book value		
Balance at 31 March	**10,803**	**20,317**

Computer softwares relates to acquisition of software license and any other development costs directly attributable to the preparation of the computer software for its intended use.

	3/31/2014 N'000	3/31/2013 N'000
14 Inventories		
Raw materials	1,212,656	1,218,417
Packaging materials	30,404	33,225
Finished goods	59,411	73,192
Maintenance spares	282,466	276,951
Provision for obsolete inventory	-	(11,619)
	1,584,937	**1,590,166**

The cost of inventories recognised as an expense during the year in respect of continuing operations was N10.9 billion (31 March 2013: N10.9 billion).

The cost of inventories recognised as an expense includes NNil million (2013: 11.6 million) in respect of write-downs of inventory to net realisable value. 2013 provision for obsolete inventory of N11.6 million was written back during the year. Previous write-downs have been reversed as a result of increased sales prices in certain markets

NOTES TO THE FINANCIAL STATEMENTS

15 Trade and other receivables	3/31/2014 N'000	3/31/2013 N'000
Trade receivables		
Trade receivables	412,846	376,831
Allowance for doubtful debts	(31,229)	(64,561)
	381,617	312,270
Other receivables		
Other debtors	19,377	86,486
Staff debtors	51,680	58,321
Amount due from related companies	12,935	92,953
	465,609	**550,030**

The average credit period granted to customers is 180 days. No interest is charged on overdue receivables. The Company has provided fully for all receivables over 365 days, except where recovery is considered probable. The Company does not hold any collateral over these balances.

Before accepting a new customer the Company initially trades with the customer on a cash basis to assess the customer’s ability and also determine the customer’s transaction volumes. This enables a reasonable credit limit to be set. Once these are determined the customer is then allowed to apply for a credit facility from the company through a rigorous process with several levels of approval. Also credit customers provide bank guarantees before being accepted as credit customers of the Company.

Credit sales form a small portion (less than 5%) of overall sales. The concentration of credit risk is limited due to this fact and the large and unrelated customer base. The company has pledged no trade receivables during the year.

Of the trade receivables balance at the end of the year, the largest customers in Company are:

	N'000	%
Company A	46,809	12
Company B	35,672	9
Company C	34,251	9
Company D	22,627	6
Company E	22,542	6

No other customer represents more than 5% of the total balance of trade receivables.

Included in the Company’s trade receivables balance are receivables with a carrying value of ₦Nil million (2013: N81 million) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

15 Trade and other receivables (continued)

	31/3/2014 N'000	1/4/2013 N'000
Ageing of past due but not impaired trade receivables		
31-60 days		-
61-180 days		-
181-365 days	-	81,220
Total	**-**	**81,220**
Ageing of impaired trade receivables		
31-60 days	-	-
91-180 days	-	-
181-365 days	-	-
Over 365 days	31,229	64,561
Total	**31,229**	**64,561**
Movement in the allowance for doubtful debts		
Balance at 1 April	64,561	12,094
Amounts recovered during the year	(35,295)	-
Increase/(decrease) in allowance recognised in profit or loss	1,963	52,467
Balance at 31 March	**31,229**	**64,561**

In determining the recoverability of the trade receivable, Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited because of the customer base being large and unrelated and large credit risks are insured against irrecoverability. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

16 Cash and cash equivalents

	3/31/2014 N'000	3/31/2013 N'000
Cash on hand	9,972	4,599
Bank balance	148,218	43,303
Bank deposit	368,190	577,613
Cash and bank balances	**526,380**	**625,515**

Cash and cash equivalents comprise cash and bank balance, net of outstanding bank overdrafts. The carrying amount of these assets approximate their fair value.

17 Share capital

	3/31/2014 N'000	3/31/2013 N'000
Authorised:		
200,000,000 ordinary shares of 50 kobo each	**100,000**	**100,000**
Issued and fully paid:		
178,200,000 ordinary shares of 50 kobo each	**89,100**	**89,100**

18 Share premium

Balance at end of year	**89,521**	**89,521**

NOTES TO THE FINANCIAL STATEMENTS

	3/31/2014 N'000	3/31/2013 N'000

19 Retained earnings

	3/31/2014 N'000	3/31/2013 N'000
At 1 April	1,427,096	1,174,524
Final 2013 dividend declared	(71,280)	-
Other comprehensive income	5,930	27,427
Transfer from profit and loss account	233,545	225,145
At 31 March	**1,595,291**	**1,427,096**

At the Board of Directors Meeting held on 27 June 2014, the Directors proposed a dividend of 40 kobo per ordinary share of 50 kobo each on the 178,200,000 existing ordinary shares. The proposed dividend amounting to N71, 280 is subject to approval by shareholders at the Annual General Meeting and deductions of withholding tax at the appropriate rate. Consequently, the proposed dividend has not been included as a liability in these financial statements.

20 Taxation

20.1 Income tax recognised in profit or loss

	31/31/2014 N'000	3/31/2013 N'000
Income tax charged at 30% based on the adjusted profit for the year	84,747	66,247
Education tax (2% of assessable profit)	7,759	12,995
Capital gains tax (10% of capital gains)	-	9
	92,506	79,251
Deferred tax expense recognised in the current year (note 20.4)	15,749	25,981
Total income tax expense recognised in current year	**108,255**	**105,232**

NOTES TO THE FINANCIAL STATEMENTS

20.2 The income tax expense for the year can be reconciled to the accounting profit as per the statement of profit or loss and other comprehensive income as follows:

	3/31/2014 N'000	3/31/2013 N'000
Profit before tax	341,800	330,377
Tax at the statutory corporation tax rate of 30% (2013: 30 %)	102,540	66,247
Education tax at 2% of assessable profit	7,759	12,995
Capital gains tax (10% of capital gains)	-	9
Effect of expenses that are not deductible in determining taxable profit	3,982	-
Effect of investment allowance	(6,026)	-
Adjustments recognised in the current year in relation to the deferred tax of prior years	-	25,981
Income tax (income)/expense recognised in profit or loss B	**108,255**	**105,232**
Effective Tax rate	**32%**	**32%**

The tax rate used for the 2014 and 2013 reconciliations above is the corporate tax rate at 30% payable by corporate entities in Nigeria on taxable profits under Companies Income Tax Act, CAP C21 LFN 2004 as amended.

No income tax was recognized directly in equity.
No income tax was recognized in other comprehensive income.

20.3 Current tax liabilities

	3/31/2014 N'000	3/31/2013 N'000
At 1 April	79,251	4,222
Charge for the year	92,506	79,251
Payment during the year	(79,251)	(23,374)
Over provision in prior years	-	19,152
At 31 March	**92,506**	**79,251**

NOTES TO THE FINANCIAL STATEMENTS

20.4 Deferred tax liabilities

The following is the analysis of deferred tax assets / (liabilities) presented in the statement of financial position.

	3/31/2014 N'000	3/31/2013 N'000
Deferred tax liabilities	124,978	164,240
Deferred tax assets	(82,578)	(137,589)
	42,400	26,651

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

	3/31/2014 N'000	3/31/2013 N'000
At 1 April	26,651	(11,084)
Charge to profit or loss	15,749	25,981
Charge to other comprehensive income	-	11,754
As 31 March	**42,400**	**26,651**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

2014	**Opening balance N'000**	**Recognised in profit or loss N'000**	**Closing balance N'000**
Deferred tax assets/liabilities in relation to:			
Property, plant and equipment	164,240	(15,587)	148,653
Provisions	(137,589)	31,598	(105,991)
Exchange differences	-	(262)	(262)
	26,651	**15,749**	**42,400**
2013			
Deferred tax assets/liabilities in relation to:			
Property, plant and equipment	(115,509)	279,749	164,240
Provisions	104,425	(242,014)	(137,589)
	(11,084)	**37,735**	**26,651**

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit obligation

The employees of the Company are members of government approved Pension scheme (Pension Reform Act, 2004) which is managed by several private sector service providers. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions and remit to the nominated Pension Fund Administrators.

The total expense recognised in the Company's statement of comprehensive income of N16.56million (2013:N16.39million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at 31 March 2014, contributions of N2.03million (2013: N2.94million) due in respect of the 2014 (2013) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

The Company operates unfunded defined benefit plans for qualifying employees of the Company. Under the plans, the employees are entitled to retirement benefits varying between 1.25% and 2.5% of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided to these employees.
The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2014 by HR Nigeria Limited a firm of Independent Actuarial Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	3/31/2014 N'000	3/31/2013 N'000
At 1 April	356,946	365,956
Additional provisions recognized	33,217	56,853
Payment during the period	(103,245)	(26,682)
Amount recognised in SOCI	(5,930)	(27,427)
Curtailment	(18,399)	(11,754)
At 31 March	**262,589**	**356,946**

The principal assumptions used for the purpose of the actuarial valuations were as follows;

Financial assumptions	**Valuation at 2014**	**2013**
	%	%
Discount rate	14	13
Expected rate(s) of salary increases	12	12
Average rate of inflation	9	10

Demographic assumptions

Mortality in service
The rates of mortality assumed for employees are the rates published in the A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample of age	Number of deaths in year out of 10,000 lives
25	7
30	7
35	9
40	14

	45	26

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit plans (Continued)

Withdrawal from service

	Age Band	**Rate**
	less than or equal to 30	2.5%
	31-49	1.5%
	40-44	1%
	45-50	0.0%

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	3/31/2014 N'000	**3/31/2013 N'000**
Current service cost	31,286	30,094
Interest on obligation	26,187	26,759
Actuarial (gains)/losses recognised in the year	5,930	39,181
	63,403	**96,034**

Of the expense for the year, N34 million (2013: N34 million) has been included in statement of profit or loss and other comprehensive income as cost of sales and N23 million (2013: N23 million) has been included in administration expenses. Actuarial gains and losses have been reported in other comprehensive income.

The amount included in the statement of financial position arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	3/31/2014 N'000	**3/31/2013 N'000**
Present value of defined benefit obligations	262,589	356,946
	262,589	356,946
Past service cost not yet recognised in statement of financial position.	-	-
Liability recognised in the statement of financial position.	**262,589**	**356,946**

Movements in the present value of defined benefit obligations were as follows:

At 1 April	417,531	414,787
Service cost	31,286	30,171
Actuarial gains and losses	5,930	(27,427)
At 31 March	**454,747**	**417,531**

NOTES TO THE FINANCIAL STATEMENTS

22 Trade and other payables

	3/31/2014 N'000	3/31/2013 N'000
Trade payables	504,026	78,198
Sundry creditors	93,539	14,582
Accruals	25,578	42,330
Advance from customer	106,946	30,446
Value added tax payable	98,090	50,883
Withholding taxation	-	106
Amount due to related companies	252,274	1,299,886
	1,080,453	**1,516,431**

The average credit period on purchases is 58 days. No interest is charged on trade payables. The Company have financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

23 Provisions

31-Mar-14	Opening Balance N'000	Additional Provision N'000	Provision Utilised N'000	Closing Balance N'000
Long Service Award Provision	14,620	10,290	(14,620)	10,290
	14,620	**10,290**	**(14,620)**	**10,290**

31-Mar-13	Opening Balance N'000	Additional Provision N'000	Provision Utilised N'000	Closing Balance N'000
Long Service Award Provision	5,479	14,620	(5,479)	14,620
	5,479	**14,620**	**(5,479)**	**14,620**

NOTES TO THE FINANCIAL STATEMENTS

24 Administration expenses

	3/31/2014 N'000	3/31/2013 N'000
Salaries and Wages	157,963	159,313
Repair and Maintenance	80,729	116,647
Depreciation	31,096	28,477
Bank Charges	26,728	22,629
Travelling and Hotel accommodation	26,700	36,602
General expenses	25,652	42,002
Director expenses	24,846	20,055
Insurance	19,440	16,122
Staff Welfare expenses	16,043	13,274
Audit Fees	14,500	12,500
Rent and Rates	10,227	10,674
Pension Fund	10,196	9,538
Postage, Telephone and Telegrams	8,263	6,829
Staff Training & Management Development	7,433	7,415
Other Admin Expenses	6,055	588
Legal and Professional Fees	5,977	5,644
Printing and Stationery	4,424	5,252
Bad Debt Provision	4,034	64,789
Industrial Training Fund	3,750	4,116
Donation and Subscription	2,791	5,539
Medical expenses	1,281	1,368
	488,128	589,373

25 Profit before tax

The profit before tax is arrived at after charging/(crediting):

	3/31/2014	3/31/2013
Depreciation and amortisation	156,641	174,365
Directors' emoluments		
Services as Directors	730	730
As Managers	20,464	15,486
Auditors' remuneration	14,500	14,500
Profit on disposal of fixed assets	(19,323)	(13,840)
Interest payable and similar charges	14,047	3,545
Other operating income	(74,086)	(63,652)

NOTES TO THE FINANCIAL STATEMENTS

		3/31/2014 N'000	3/31/2013 N'000
26	**Earnings per share**		
	From continuing operations		
	Net profit attributable to equity holders of the company	233,545	225,145
	Adjustments to exclude loss for the period from discontinued operations	-	-
	Earnings from continuing operations for the purpose of basic earnings per share excluding discontinued operations	233,545	225,145
	Effect of dilutive potential ordinary shares:		
	Interest on convertible loan notes (net of tax)	-	-
	Earnings from continuing operations for the purpose of diluted earnings per share excluding discontinued operations	233,545	225,145

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

	From continued operations		
	Basic (kobo)	131	126
	Diluted (kobo)	131	126
27	**Unclaimed Dividend**		
	At 1 April	23,801	24,242
	Payments during the year	(19,336)	(441)
	At 31 March	**4,465**	**23,801**

28 Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2013.

The capital structure of the Company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements. The Company is not subject to any externally imposed capital requirements.
The management of the Company reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial instruments

Categories of financial instruments

3/31/2014	Loans and advances N'000	Non-financial assets N'000	Total N'000
Assets			
Cash and bank balances	526,380	-	526,380
Trade and other receivables	465,609	-	465,609
Inventories	-	1,584,937	1,584,937
Intangible assets	-	10,803	10,803
Property, plant and equipment	-	678,886	678,886
	991,989	2,274,626	3,266,615

	Loans and advances N'000	Non-financial assets N'000	Total N'000
Liabilities			
Trade and other payables	756,300	324,153	1,080,453
Provisions	10,290	-	10,290
Current tax liabilities	-	92,506	92,506
Dividend	4,465	-	4,465
Deferred tax liabilities	-	42,400	42,400
Retirement benefit obligation	-	262,589	262,589
	771,055	721,648	1,492,703

3/31/2013	Loans and advances N'000	Non-financial assets N'000	Total N'000
Assets			
Cash and bank balances	625,515	-	625,515
Trade and other receivables	550,030	-	550,030
Inventories	-	1,590,166	1,590,166
Intangible assets	-	20,317	20,317
Property, plant and equipment	-	837,389	837,389
	1,175,545	2,447,872	3,623,417

	Loans and advances N'000	Non-financial assets N'000	Total N'000
Liabilities			
Trade and other payables	1,378,084	138,347	1,516,431
Provisions	-	14,620	14,620
Current tax liabilities	-	79,251	79,251
Dividend	23,801	-	23,801
Deferred tax liabilities	-	26,651	26,651
Retirement benefit obligation	-	356,946	356,946
	1,401,885	615,815	2,017,700

NOTES TO THE FINANCIAL STATEMENTS

30 Risk management

Risk management roles and responsibilities are assigned to stakeholders in the company at three levels: The board, executive and line managers.

The Board oversight is performed by the Board of Directors through Board Risk and Ethics Committee.

The second level is performed by the Executive Management Committee (EXCOM)

The third level is performed by all line managers under EXCOM and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk frame work. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

The Company monitors and manages financial risks relating to its operations through internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk), credit risk and liquidity risk.

30.1 Market risk

The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

30.1.1 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company is mainly exposed to USD, EURO and GBP.

The following table details the Company's sensitivity to a 3%, increase and decrease in Naira against USD, GBP and EUR currencies. Management believes that a 3% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding balances of USD, GBP and EUR denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 3% against the USD, GBP and EUR. For a 3% weakening of Naira against the USD, GBP, and EUR, there would be an equal and opposite impact on profit, and the balances below would be negative.

	3/31/2014	**3/31/2013**
	N'000	**N'000**
Naira strengthens by 3% against the USD	12,635	3,501
Naira strengthens by 3% against the GBP	12	1,877
Naira strengthens by 3% against the EUR	(7)	4,380
Naira weakens by 3% against the USD	(12,635)	(3,501)
Naira weakens by 3% against the GBP	(12)	(1,877)
Naira weakens by 3% against the EUR	7	(4,380)

NOTES TO THE FINANCIAL STATEMENTS

30.2 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive committee periodically.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The carrying value of the Company’s financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	3/31/2014 N'000	3/31/2013 N'000
Trade receivables	381,617	312,270
Other receivables	83,992	237,760
Bank deposits	516,408	620,916

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

	3/31/2014 N'000	3/31/2013 N'000
Parastatals/government	-	-
Corporates	381,617	312,270
SMEs	-	-
	381,617	312,270

30.2.1 Collateral held as security and other credit enhancements

The company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

30.3 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company’s short-, medium- and long-term funding and liquidity management requirements. The Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of

financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30.4 Maturity analysis of financial liabilities

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the entities may be required to pay.

	0-3 months	Total
31-Mar-14		
Trade payables	504,026	504,026
	504,026	**504,026**
31-Mar-13		
Trade payables	78,198	78,198
	78,198	**78,198**

31 Fair value of financial instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

32 Guarantees and other financial commitments

(a) Financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's state of affairs have been taken into consideration in the preparation of the Company's financial statements.

(b) Capital commitments

There were no capital commitments entered into by the Company as at 31 March 2014 (2013 Nil).

NOTES TO THE FINANCIAL STATEMENTS

33 Segment information

The Company operates in one geographical location, Kano and is in one line of business, milling of wheat and other associated grains.

34 Related party transactions

The following transactions were carried out with related parties during the year:

		3/31/2014 N'000	3/31/2013 N'000
34.1	**Purchase of Goods**		
	Flour Mills of Nigeria Plc	3,260,903	593,652
	Golden Transport Company Limited	748,629	686,386
	Golden Sugar	132,204	-
	Northern Bag Manufacturing Company Limited	154,620	135,038
	Nigerian Bag Manufacturing Company Limited	-	5,880
		4,296,356	**1,420,956**
34.2	**Sale of goods**		
	Golden pasta	37,597	**11,884**
		37,597	**11,884**
34.3	**Amount due from related companies**		
	Flour Mills of Nigeria Plc	8,000	38,853
	Flour Mills Registrars Limited	4,465	23,801
	Kaboji Farms Limited	-	-
	Golden Transport Company Limited	-	6,518
	Nigeria Eagle Flour Mills Limited	470	470
	Golden Pasta Company Limited	-	7,857
	Niger Mills Company Limited	-	304
	Port Harcourt Eagle Flour Mills Limited	-	15150
		12,935	**92,953**

NOTES TO THE FINANCIAL STATEMENTS

		3/31/2014 N'000	3/31/2013 N'000
34.4	**Amount due to related companies**		
	Flour Mills of Nigeria Plc.	155,963	1,292,325
	Golden Transport Company Limited	56,025	-
	Apapa Bulk Terminal Limited	9,518	-
	Golden Shipping Company Limited	10,662	-
	Golden Sugar Company Limited	16,535	-
	Northern Bag Manufacturing Company Limited	3,571	7,561
		252,274	**1,299,886**

The related party transactions were carried out on commercial terms and conditions.

Flour Mills of Nigeria Plc: This is the ultimate parent company which owns 53% of NNFM Plc. The company entered into various transactions with the related party ranging from purchase of goods and services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

Flour Mills Registrars Limited, Golden Transport Company Limited, Nigerian Eagle Flour Mills Limited, Golden Pasta Company Limited, Niger Mills Company Limited, Port Harcourt Eagle Flour Mills Limited and Northern Bag Manufacturing Company Limited are sister companies in the Flour Mills of Nigeria Plc Group. The company entered into various transactions with the related party ranging from purchase and sale of goods and services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

NOTES TO THE FINANCIAL STATEMENTS

34.5 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

The remuneration of executive management team excluding directors during the year was as follows:

	3/31/2014 N'000	3/31/2013 N'000
Short-term benefits	18,593	16,717
	18,593	**16,717**

The remuneration of directors during the year was as follows:

	31-Mar-14 N'000	31-Mar-13 N'000
Short-term benefits	25,056	27,862
	25,056	**27,862**

Other information on directors emoluments:

Fees:		
- Chairman	100	100
- Other Directors	630	630
	730	730
Salaries, allowances and expenses:		
- Executive Directors	54,370	52,430
- Other Directors	5,400	5,400
	60,500	**58,560**
Highest Paid Director	**11,169**	**11,169**

Number of Directors whose emoluments were within the following ranges:

N	Number	Number
1 - 5,000,000	8	8
5,000,001 - 20,000,000	3	3
20,000,000 and above	-	-
	11	11

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

35 Major shareholders

According to the Register of Members, the following shareholders of the Company held more than 5% of the issued share capital of the Company.

	Number of shares		Percentage holding (%)	
Shareholders	**3/31/2014**	**3/31/2013**	**3/31/2014**	**3/31/2013**
Flour Mills of Nigeria Plc	94,545,159	93,745,159	53.06	52.61
Northern Nigeria Investment Limited	12,955,000	14,280,000	7.27	8.01
Dantata Investment & Securities Limited	11,661,114	11,490,629	6.54	6.45

None of the directors has notified the company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004 of any declarable interest in contracts in which the Company is involved at 31 March 2014.

36 Events after the reporting date

The Directors are of the opinion that there were no significant post balance sheet events which would have had any material effect on the balance sheet and the profit for the year ended on that date, which have not been adequately provided for or disclosed in the Company's financial statements.

37 Contingent liabilities

The Company has no contingent liability arising from pending or ongoing litigation at the year end.

38 Approval of financial statements

The financial statements were approved by the board of directors and authorized for issue on June 27 2014.

STATEMENT OF VALUE ADDED

	3/31/2014 N'000	%	3/31/2013 N'000	%
Revenue	11,392,017		11,701,741	
Other income received	2,216,115		800,766	
	13,608,132		12,502,507	
Cost of materials and services employed to generate these earnings:				
- Local	(3,195,902)		(3,973,248)	
- Imported	(9,594,916)		(7,712,774)	
VALUE ADDED	**817,314**	**100**	**816,485**	**100**
Which was applied as follows:				
To pay employees				
Wages, salaries and other benefits	292,222	36	311,073	38
To pay Government				
Income tax	92,506	11	79,251	10
To provide for the maintenance of assets				
Depreciation	156,641	19	174,365	21
Deferred taxation	42,400	5	26,651	3
Profit and loss account	233,545	28	225,145	28
	817,314	**100**	**816,485**	**100**

Value added" represents the additional wealth which the company has been able to create by its own and its employee's efforts. The statement shows allocation of that wealth to employees, government, provider of finance and shareholders and the retained for future creation of wealth.

FINANCIAL SUMMARY

	3/31/2014 N'000 (IFRS)	3/31/2013 N'000 (IFRS)	3/31/2012 N'000 (IFRS)	3/31/2011 N'000 (IFRS)	3/31/2010 N'000 (NGAAP)
Assets/Liabilities					
Property, plant and equipment	678,886	837,389	730,774	814,238	354,411
Intangible assets	10,803	20,317	27,583	37,097	38,056
Deferred tax assets	-	-	11,084	-	-
Net current assets	1,389,212	1,131,608	949,660	1,211,915	1,227,571
	2,078,901	1,989,314	1,719,101	2,063,250	1,620,038
Retirement benefit obligation	(262,589)	(356,946)	(365,956)	(405,489)	(417,069)
Deferred tax liabilities	(42,400)	(26,651)	-	(8,520)	(52,493)
	1,773,912	**1,605,717**	**1,353,145**	**1,649,241**	**1,150,476**
Capital and reserves					
Share capital	89,100	89,100	89,100	89,100	89,100
Share premium	89,521	89,521	89,521	89,521	89,521
Retained earnings	1,595,291	1,427,096	1,174,524	1,470,620	971,855
	1,773,912	**1,605,717**	**1,353,145**	**1,649,241**	**1,150,476**
Turnover and profit					
Turnover	11,392,017	11,701,741	12,674,555	11,448,740	10,220,094
Profit before taxation	341,800	330,377	30,824	649,460	587,746
Profit/(loss) after taxation	233,545	225,145	(21,776)	455,595	365,730
Other comprehensive income net of taxes	5,930	27,427	(113,940)	-	-
Per share data: (kobo)					
Earnings per share (kobo)					
- Basic	131	126	(12)	256	205
- Diluted	131	126	(12)	256	205
Net asset per share (kobo)					
- Basic	780	635	533	680	689
- Diluted	780	635	533	680	689
Dividend per share (kobo)	-	40	85	-	-

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

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