CEMENT COMPANY OF NORTHERN NIGERIA PLC

(RC: 3111)

SOKOTO CEMENT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

GBENGA BADEJO &CO.

(CHARTERED ACCOUNTANTS)

CEMENT COMPANY OF NORTHERN NIGERIA PLC

TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Alhaji Abdulsamad Rabiu, CON	Chairman
Mr. Ibrahim Aminu	Managing Director
Mr. Chimaobi K. Madukwe	Director
Hajia Aishatu Umaru Gwandu, **mni**	Director
Alhaji Kabiru Rabiu	Director
Engr. Muhammad Umar Zauro	Director
Mr. Finn Arnoldsen	Director
Abubakar Magaji Esq.	Independent Director
Dr. Faruk Umar	Director (Resigned on 13.06.2016)

PRINCIPAL OFFICERS:

Mr. Ibrahim Aminu	Managing Director/CE
Mr. Haruna Hashim	Chief Financial Officer
Mr. Aminu A. Bashar	Director, Technical
Mr. Rufai A. Muhammad	Ag. Asst. Director, Sales & Marketing
Mr. Yawale L. Isa	Asst. Director, Human Resources
Mr. Mohammed Yusuf	Asst. Director, Procurement & Inventory
Mr. Alexander O. Ijiga	Asst. Director, Maintenance
Mr. Ahmed Aliyu	Asst. Director, Company Secretary
Mr. Usman S. Mohammed	Asst. Director, Internal Audit

REGISTERED OFFICE/ OPERATIONAL OFFICE ADDRESS:

KM 10 Kalambaina Road,
P. M. B. 02166, Sokoto.
GSM: 0808-718-9154 (+234)
Email- ccnn.sokoto@sokotocement.com
Website: www.sokotocement.com

COMPANY SECRETARY:

Ahmed Aliyu Esq.,
KM 10 Kalambaina Road, P. M. B. 02166, Sokoto.
GSM: 0802-501-1298 (+234)
Email- ahmed.aliyu@sokotocement.com

BANKERS:

Skye Bank Plc (formerly Mainstreet Bank Ltd)
Guaranty Trust Bank Plc
Zenith Bank Plc
First Bank of Nigeria Plc
Union Bank of Nigeria Plc
Diamond Bank Plc

AUDITORS:

Gbenga Badejo & Co.
(Chartered Accountants),
24, Ladipo Oluwole Street,
Off Adeniyi Jones Avenue, Ikeja, Lagos.
01-8820276, 0809-622-7865.

CORPORATE INFORMATION (CONTD.)

ADVISERS:

Philcrow Consult
Tax & Management Consultants.
17, Ibadan Street (East),
P.O.Box 938 Ebute Metta,
Lagos.

Adeosun Peter BSc,MBA, FCTI,FCA
Managing Partner
FRC/2013/ICAN/00000002696

HR Nigeria Limited.
Consultants and Actuaries.
7th Floor , Aiico Plaza,
Afribank Street, P.O.Box 75399,
Victoria Island,
Lagos.

O.O. Okpaise
Managing Consultants
Associate, Society of Actuaries, America.
Fellow, Institute of Actuaries, England
FRC/NAS/00000000738

Y. C. Maikyau & Co.
Solicitors
No. 9 Abdullahi Fodio Road, Sokoto
GSM: 0803-311-4171

Africa Prudential Registrars Plc.
Registrars
220B Ikorodu Road,
Palmgrove, Lagos.
01-4612376, 01-8752604 (+234)

CEMENT COMPANY OF NORTHERN NIGERIA PLC

FINANCIAL HIGHLIGHT

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016	31 December 2015	Changes Increase/(decrease)	
	₦	₦	₦	%
MAJOR BALANCE SHEET ITEMS:				
Total assets	20,030,222,016	17,146,883,158	2,883,338,858	17
Non-current assets	10,531,183,487	10,122,537,751	408,645,736	4
Total liabilities	8,536,950,173	7,002,114,913	1,534,835,260	22
Borrowings	1,117,871,589	1,371,743,396	(253,871,807)	(19)
Shareholders' fund	11,493,271,843	10,144,768,245	1,348,503,598	13
MAJOR PROFIT OR LOSS ITEMS:				
Turnover	14,087,553,499	13,037,847,294	1,049,706,205	8
Cost of sales	10,151,268,477	9,185,437,770	965,830,707	11
Gross profit	3,936,285,022	3,852,409,524	83,875,498	2
Profit before taxation	1,740,522,349	1,549,596,855	190,925,494	12
Profit after income tax	1,253,805,355	1,201,108,048	52,697,307	4
Dividend paid	125,667,757	439,837,218	(314,169,461)	(71)
RATIO:				
Current ratio	1.72:1	1.69:1		
Gross Profit(%)	28	30		(5)
Net profit (%)	8.90	9.21		(3)
Return on capital employed (%)	11	12		(8)
Gearing	0.53:1	0.59:1		
PER SHARE DATA:				
Basic eanings (kobo)	100	96		4
Diluted EPS (kobo)	100	96		4
Net assets	9	8		13

Return on capital employed (ROCE) ratio measures a company's profitability and the efficiency with which its capital is employed.
C**urrent ratio** indicates a company's ability to pay its current liabilities from its current assets.
Gearing ratio measures the proportion of a company's borrowed funds to its equity.
Earnings per share, net assets per share and dividend per share are based on profit after taxation, net assets and dividend proposed respectively and the number of issued and fully paid ordinary shares at the end of each financial year.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors are pleased to present their annual report together with the Financial Statements of the company for the year ended 31st December, 2016.

(1) PRINCIPAL ACTIVITIES

The principal activities of the Company are Manufacturing and Sales of Cement to the general public.

(2) LEGAL FORM

The Company was incorporated as a Limited Liability Company on the 15th August 1962 and commenced business in 1967. The Company was listed on the Nigerian Stock Exchange on the 4th October, 1993.

Damnaz Cement Company Limited is a wholly-owned subsidiary of BUA International Limited through which BUA International Limited's investment of 50.72% in Cement Company of Northern Nigeria Plc is held.

(3) RESULT FOR THE PERIOD

	31 December, 2016
	₦
Turnover	14,087,553,499
Profit Before Income Taxes	1,740,522,349
Income Taxes	(486,716,994)
Profit After Income Taxes	1,253,805,355

(4) DIRECTORS AND DIRECTORS' INTEREST

The names of the Directors are detailed on page 3. The interests of the Directors in the Issued Share Capital of the company are listed below in accordance with the requirement of Companies and Allied Matters Act, CAP C20, LFN 2004:

	No of shares held (Units) As at 31/12/2016		
	Direct	**Indirect**	**Representing**
Alhaji Dr. Abdulsamad Rabiu, **CON**	Nil	671,136,170	Damnaz Cement Co. Ltd & BUA International Ltd
Mr. Ibrahim Aminu	Nil	Nil	N/A
Mr. Chimaobi K Madukwe	Nil	Nil	N/A
Hajia Aishatu Umaru Gwandu, **mni**	38,000	61,380,000	Kebbi Invest. & Property Co. Ltd
Alhaji Kabiru Rabiu	Nil	Nil	N/A
Dr. Faruk Umar	Nil	Nil	N/A
Engr. Muhammad Umar Zauro	45,100	144,314,750	Nasdal BAP Nig. Ltd
Mr. Finn Arnoldsen	Nil	Nil	N/A
Mr. Abubakar Magaji Esq.	46,998	Nil	N/A

REPORT OF THE DIRECTORS (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER, 2016

(5) APPOINTMENT / RESIGNATION OF DIRECTORS

Dr. Faruk Umar resigned from the Board on June 13, 2016. The Board accepted his resignation and wished him success in his future endeavours.

(6) STATISTICAL ANALYSIS OF THE SHAREHOLDING AS AT 31ST DECEMBER 2016

Range of Shareholding			No. of Holders	Holders %	Holders Cummulative	Units	Units %	Units Cummulative
1	-	1,000	20,580	59%	20,580	8,164,131	1%	8,164,131
1,001	-	5,000	10,008	29%	30,588	22,077,489	2%	30,241,620
5,001	-	10,000	1,781	5%	32,369	13,111,500	1%	43,353,120
10,001	-	50,000	1,895	5%	34,264	41,894,945	3%	85,248,065
50,001	-	100,000	291	1%	34,555	21,504,172	2%	106,752,237
100,001	-	500,000	240	1%	34,795	50,390,979	4%	157,143,216
500,001	-	1,000,000	25	0%	34,820	18,793,644	1%	175,936,860
1,000,001	-	Above	39	0%	34,859	1,080,740,906	86%	1,256,677,766
GRAND TOTAL			**34,859**	**100%**		**1,256,677,766**	**100%**	

According to the register of members as at 31st December 2016, no individual shareholder held more than 5% of the issued share capital of the Company except the following:

SHAREHOLDERS	NO. OF SHARES HELD	% OF SHAREHOLDING
Damnaz Cement Co. Ltd	637,403,152	50.72
Nasdal Bap Nig. Ltd	144,314,750	11.48
Kebbi State Investment Co. Ltd	61,380,000	4.88

SHAREHOLDING PER CATEGORY

S/No.	Category	No. of Holders	Units
1.	Corporate	765	980,321,656
2.	Government	25	100,473,127
3.	Individual	34,016	175,321,733
4.	Institution	6	561,245
5.	Tax Free	1	5
		34,859	**1,256,677,766**

REPORT OF THE DIRECTORS (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER, 2016.

(7) DIVIDEND

The Board did not recommend payment of dividends to shareholders out of the profits for the financial year ended 31st December, 2016 (2015:10 kobo per share).

(8) GIFTS AND DONATIONS

In accordance with Section 38(2) of the Companies and Allied Matters Act CAP C20 LFN, 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

Charitable Gifts totaling **₦65,050,000** were given out in accordance with the Company's policy on social development and improvement of the community, the environment and hygienic conditions of the less privileged. Full details of gifts and donations are detailed below:

Corporate Social Responsibility Project Amount	**2016** **N**
Scholarship Scheme for students in Zamfara and Kebbi States (10 students each)	2,000,000
Donation and provisions of School Uniforms and Educational materials to Pupils of Sabon Garin Alu Primary School	1,700,000
Drugs to 5 community clinics (Wajeke, Mobile Police Barracks, Kalambaina, Arkilla and Sabon Garin Alu)	3,500,000
Donation of cement to Host Communities	57,850,000
	65,050,000

Corporate Social Responsibility Project Amount	**2015** **N**
Rehabilitation of Sokoto Cement Schools	10,356,888
Donation of drugs and hospital equipment to 4 clinics	2,500,000
Rehabilitation of community borehole at Fadirma	940,000
Grants to Sokoto Cement Schools	28,800,000
Cement donation to communities	4,600,000
Replacement of transformer at Gidan Bailu	1,940,000
	49,136,888

(9) ACQUISITION OF OWN SHARES

The Company did not purchase any of its own shares during the year.

REPORT OF THE DIRECTORS (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER, 2016.

(10) PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are shown in Note 15. In the opinion of the Directors, the market value of the Company and the Company's properties are not less than the value shown in the financial statements.

(11) EMPLOYMENT AND EMPLOYEES

i. Employment of disabled persons

It is the policy of the Company that there is no discrimination in consideration of applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. There are currently 2 physically challenged persons in CCNN's employment.

ii. Health, Safety and Welfare

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees. Employees are adequately insured against occupational hazards. All safety standards are met by the Company and these include provision of fire fighting equipment, adequate protective clothing and foot wear. The Company also pays reasonable termination and gratuity benefits to all members of staff who are entitled to them in accordance with condition of service.

iii. Employee Involvement and training

Whether people join the Company as operational staff, graduates or experienced professionals, they receive support and training that will bring out the best in them. The Company is proud of its records for nurturing talent and encouraging people to fulfil their potential. The Company places a high premium on the training development of its manpower and sponsors employees for various training courses both locally and internationally as appropriate. In CCNN, all employees are involved in mapping the future of the business with open communication playing a pivotal role.

Effective communication channels exist to keep employees fully informed about the Company's performance and progress. Employees make inputs concerning them through various general staff meetings. Through well designed and implemented incentive schemes, employees are encouraged to participate in the ownership of the business.

(12) **EVENTS AFTER REPORTING PERIOD**

There were no material post balance sheet events to date that have not been taken into consideration in the preparation of these financial statements.

(13) **WHISTLE BLOWING POLICY**

The Company is committed to fair and ethical business practices with transparency and integrity. Hence CCNN has a clear whistle blowing policy that ensures all employees including prospective applicants, contractors, agents, partners, bankers, other service providers, suppliers, shareholders, host community and the general public is given a channel through which they can report all matters they suspect of involving anything illegal, unethical, harmful and or improper. All matters reported are accepted and treated with confidentiality to the identity of the whistle blower.

(14) **COMPLAINTS MANAGEMENT POLICY**

CCNN is committed to providing high standards of services for shareholders, including a platform for efficient handling of shareholder complaints and enquiries, enabling shareholders to have shareholder related matters acknowledged and addressed, providing sufficient resources to ensure that shareholders' complaints and enquiries are dealt with adequately, and in an efficient and timely manner and facilitating efficient and easy access to shareholder information.

(14) **COMPLAINTS MANAGEMENT POLICY (CONTD.)**

The Company has therefore formulated a Complaint Management Policy designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

Further, this policy has been prepared in recognition of the importance of effective engagement in promoting shareholder / investor confidence in the company.

This Policy sets out the broad framework by which Cement Company of Northern Nigeria Plc ("CCNN" or "the Company") and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for CCNN's shareholders to provide feedback to the Company on matters that affect shareholders.

This Policy only relates to the Company's shareholders and does not extend to its customers, suppliers or other stakeholders.

The policy is available on the Company's website www.sokotocement.com for access by all shareholders.

(15) **INSIDER INFORMATION POLICY**

The Company has a policy on Insider Information and Prohibition of Insider dealings as required by rules and regulations and this policy has been made publicly available to all stakeholders.

CCNN's Insider Information Policy is to generally ensure that board members, employees and its external stakeholders who have knowledge of confidential and potentially price sensitive information are aware of the prohibition imposed by law against using, disclosing (other than in the normal course of the performance of their duties) or encouraging transactions in securities on the basis of such inside information. In addition to obligations imposed by law, CCNN wants board members, employees and external stakeholders to respect the safeguarding of confidential information and potentially price sensitive information.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

REPORT OF THE DIRECTORS (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER, 2016.

(16) APPROVAL OF ACCOUNTS

These financial statements for the year ended 31 December 2016 have been approved for issue by the Directors on **15th day of March, 2017.**

(17) AUDITORS

Messrs. Gbenga Badejo & Co. (Chartered Accountants) have indicated their willingness to continue in office as Auditors of the Company in accordance with the provisions of section 357 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2004. A resolution will be proposed authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD

Ahmed Aliyu Esq.
Company Secretary/Legal Adviser

FRC No.: FRC/2013/NBA/00000002396
Cement Company of Northern Nigeria Plc
Sokoto, Nigeria

Dated this: **15th day of March, 2017**

CORPORATE GOVERNANCE

The Company recognises and believes in the importance of commitment to the highest standards of corporate governance. Hence, its compliance with the Code of Corporate Governance for public companies in Nigeria. The Company also strives to observe the highest standards of transparency and accountability in its dealings with all stakeholders in order to ensure the sustenance and profitable management that will result in delivering value to its shareholders. The Board is responsible and accountable for the Company's activities including management, risk, strategy and financial performance.

One independent non-executive Director was appointed on the Board in compliance with the Code of Corporate Governance in order to strengthen the Board in the discharge of its duties.

BOARD COMMITTEES

The Board comprises of eight members, seven of whom are non-Executive. One of the non-Executive Directors chairs the Board. The Board Chairman is not in any of the committees.

The statutory Audit Committee is chaired by an independent shareholder.

The Company maintains a commitment to relentlessly seeking absolute transparency and disclosure to its shareholders and other stakeholders in all its dealings in line with the high standards of corporate governance including effectively monitoring the Management.

To this end, both the Board and the Management have individually signed a Code of Business Conduct and Ethics. In addition, each Director is required to declare his/her interest in dealings with the Company at every meeting.

The Board consists of persons of mixed skills with experience in different fields of human endeavour and meets at least once quarterly or when the need arises to review performance and set targets.

Board meetings attendance:

		Date of Meeting and Attendance				
S/No.	**Directors**	**16/03/2016**	**19/05/2016**	**07/09/2016**	**09/11/2016**	**13/12/2016**
1.	Abdulsamad Rabiu, CON	P	P	P	P	P
2.	Ibrahim Aminu	P	P	P	P	P
3.	Chimaobi Madukwe	p	P	P	P	P
4.	Kabiru I. Rabiu	P	P	P	P	P
5.	Aishatu U. Gwandu, mni	p	P	P	P	P
6.	Muhammad U. Zauro	P	P	P	P	P
7.	Finn Arnoldsen	P	A	A	A	A
8.	Abubakar Magaji Esq.	P	P	P	P	P
9.	Faruk Umar	P	P	Resigned **w.e.f** 13.06.2016		

N.B. **P** = Present **A** = Apology **W.E.F** = With Effect From

BOARD COMMITTEES (CONT'D.)

The Board also discharges its responsibilities through the following Committees:

a) Finance and General Purpose Committee

The Committee vets the budget, Audited and Management Accounts and makes necessary recommendations to the Board. It also vets contracts for capital projects beyond the approval limits of the Management.

Below is the list of members of the Committee and the number of meetings held during the year.

		Date Meeting Held and Attendance				
S/NO.	**Directors**	**15/03/2016**	**18/03/2016**	**06/09/2016**	**08/11/2016**	**13/12/2016**
1	Kabiru I. Rabiu	P	P	P	P	P
2	Ibrahim Aminu	P	P	P	P	P
3	Chimaobi K. Madukwe	P	P	P	P	P
4	Muhammad U. Zauro	P	P	P	P	P
5	Abubakar Magaji Esq.	P	A	P	P	P
6	Finn Arnoldsen	P	A	A	A	A

N.B. **P** = Present **A** = Apology

b) Governance, Establishment and Remuneration Committee

The Committee oversees the nomination and appointment of Board members, Board performance evaluation process and succession plan for the Board and Board remuneration process.

It also considers staff matters in general and appointments and discipline of Top Management Staff.

Below is the list of members of the Committee and the number of meetings held during the year.

		Date Meeting Held and Attendance			
S/NO.	**Directors**	**15/03/2016**	**18/05/2016**	**06/09/2016**	**08/11/2016**
1	Abubakar Magaji Esq.	P	A	P	P
2	Ibrahim Aminu	P	P	P	P
3	Chimaobi Madukwe	P	P	P	P
4	Aishatu U. Gwandu, mni	P	P	P	P
5	Muhammad U. Zauro	P	P	P	P
6	Finn Arnoldsen	P	A	A	A
7	Faruk Umar	P	A	Resigned **W.E.F** 13.06.2016	

N.B. **P** = Present **A** = Apology **W.E.F** = With Effect From

BOARD COMMITTEES (CONT'D.)

c) Risk Management Committee

The Committee is to determine the medium and long term strategies for the Company principal risks and ensure that they are adequately assessed and effectively managed, evaluate the adequacy of the Company's internal control policy and ensure that policies and strategies for managing risks are in place.

Below is the list of members of the Committee and the number of meetings held during the year.

		Date Meeting Held and Attendance		
S/NO.	**Directors**	**15/03/2016**	**06/09/2016**	**08/11/2016**
1	Muhammad U. Zauro	P	P	P
2	Ibrahim Aminu	P	P	P
3	Kabiru Rabiu	P	P	P
4	Aishatu U. Gwandu, mni	P	P	P
5	Finn Arnoldsen	P	A	A

N.B. **P** = Present **A** = Apology

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Ahmed Aliyu Esq.
Company Secretary/Legal Adviser
FRC No.: FRC/2013/NBA/00000002396
Date: 15th day of March, 2017

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER, 2016.

The Companies and Allied Matters Act, CAP C20 LFN, 2004 (section 334 and 335) requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. 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 LFN, 2004:

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

(c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements 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 judgements and estimates, in conformity with International Financial Reporting Standard as issued by the International Accounting Standards Board, and the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 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 and of its profit or loss. 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.

....
Alhaji Abdulsamad Rabiu, CON
Chairman
FRC/2014/IODN/00000010111
Date: 15 March, 2017

....
Mr. Ibrahim Aminu
Managing Director/CEO
FRC/2013/ICAN/00000001247
Date: 15 March, 2017

....
Mr. Haruna Hashim
Chief Financial Officer
FRC/2013/ICAN/00000003271
Date: 15 March, 2017

CEMENT COMPANY OF NORTHERN NIGERIA PLC

REPORT OF AUDIT COMMITTEE

The audit committee is pleased to present this report for the financial year ended 31 December 2016 in compliance with S.359 (6) of the Companies and Allied Matters Act and has the oversight responsibility for the Company's Accounts.

The audit committee is an independent statutory committee appointed by the shareholders and performs its functions on behalf of Cement Company of Northern Nigeria Plc.

Audit committee terms of reference

The audit committee has adopted a formal terms of reference that has been approved by the board of directors. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

It reports its findings to the Board and the Annual General Meeting.

The Committee comprises of three shareholders, one of whom chairs it, and three Non-Executive Directors nominated by the Board and meet quarterly or whenever the need arises.

The audit committee meets at least four times per annum, with authority to convene additional meetings as circumstances require.

Executive directors, external auditors, internal auditors, financial management and other assurance providers attend meetings by invitation only.

Below is the list of members and the number of meetings held during the year.

		Date Meeting Held and Attendance			
S/NO.	**Directors**	**15/03/2016**	**18/05/2016**	**06/09/2016**	**14/12/2016**
1	Ajibola A. Ajayi	P	P	P	P
2	Kabiru A. Tambari	P	P	P	P
3	Oderinde Taiwo	P	P	P	P
4	Aishatu U. Gwandu, mni	P	P	P	P
5	Kabiru I. Rabiu	P	P	P	P
6	Faruk Umar	P	A	Resigned **W.E.F** from 13/06/2016	
7	Chimaobi Madukwe			Appointed W.E.F from 07/09/2016	P

N.B. **P** = Present **A** = Apology **W.E.F** = With Effect From

REPORT OF AUDIT COMMITTEE (CONT'D.)

Role and responsibilities
The audit committee carried out its functions through the attendance of audit committee meetings and discussions with executive management, internal audit and external advisors.

Statutory duties
The audit committee's role and responsibilities include statutory duties per the Companies and Allied Matters Act and further responsibilities assigned to it by the board.

The audit committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

External auditor appointment and independence
In terms of the provisions of Companies and Allied Matters Act, the audit committee has satisfied itself that the external auditors, Gbenga Badejo & Co. Chartered Accountant , are independent of the company and have ensured that the appointment of the auditor complied with the Companies Act and any other legislation relating to the appointment of auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 31 December 2016.

Financial statements and accounting practices
The audit committee has reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards, the Companies and Allied Matters Act and the Securities and Exchange Listing Requirements.

Internal financial controls
The audit committee has overseen a process by which internal audit performed an assessment of the effectiveness of the company's system of internal control, including internal financial controls. The audit committee is satisfied with the effectiveness of the company's internal financial controls.

Duties assigned by the board
In addition to the statutory duties of the audit committee, as reported above, the board of directors has determined further functions for the audit committee to perform. These functions include the following:

Going concern
The audit committee reviews the going concern status of the company at each meeting and makes recommendations to the board.

Governance of risk
The audit committee fulfills an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

REPORT OF AUDIT COMMITTEE (CONT'D.)

Internal audit

The audit committee is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its duties.

The audit committee considered and recommended the internal audit charter for approval by the board. The internal audit function's annual audit plan was approved by the audit committee.

Evaluation of the expertise and experience of the chief financial officer and finance function.

The audit committee has satisfied itself that the chief financial officer has appropriate expertise and experience.

The audit committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

In compliance with the Provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN, 2004, we report as follows:

- We have ascertained and hereby confirm that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- The scope and planning of audit requirements for the year ended 31 December, 2016 are adequate;
- We are satisfied with the External Auditors' Management Report for the year ended 31 December, 2016, as well as the response of the Management thereto.

Mr. Ajibola Ajayi FCA, CFA
Chairman Audit Committee
FRC/2015/ICAN/00000011387

Dated this day: **15th March, 2017**

AUDIT COMMITTEE MEMBERS:

Mr. Ajibola Ajayi **FCA, CFA**	-	Chairman - Independent shareholder
Mr. Oderinde Taiwo	-	Independent shareholder
Mr. Kabiru A. Tambari	-	Independent shareholder
Dr. Faruk Umar	-	Director
(Replaced by Mr. Chimaobi Madukwe)		Director
Alhaji Kabiru I. Rabiu	-	Director
Hajia Aishatu Umaru Gwandu mni	-	Director

Gbenga Badejo & Co.
(Chartered Accountants)

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REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF CEMENT COMPANY OF NORTHERN NIGERIA PLC

OUR OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Cement Company of Northern Nigeria Plc. (CCNN) herein referred to as "the company", for the year ended 31 December 2016.

In our opinion:

The accompanying Financial Statements give a true and fair view of the financial position of the company as at 31 December 2016 and (of) its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and in the manner required by Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

What we have audited

The company's financial statements comprise:

- the company's statement of financial position at December 31, 2016;
- the company's statement of profit or loss and other comprehensive income for 2016;
- the company's statement of changes in equity for the year ended 31 December 2016;
- the company's statement of cash flows for the year ended 31 December 2016;
- the notes comprising a summary of the significant accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by International Auditing and Assurance Standards Board (IAASB) and Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria (ICAN). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the company in accordance with the ICAN codes of ethics for professional accountants and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that in our professional judgments were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As part of our audit we have determined materiality and used it to assess the risks of material misstatement. We have specifically assessed accounts where subjectivity is high because of estimates regarding uncertain future developments. We have likewise specifically focused on the risk related to management override of controls and the risk of material misstatement due to fraud. In addition, our audit expressly included the continuity and reliability of the company's automated management information systems.

Key Audit Matters	How to address the Key Audit Matters	What we reported to the Audit Committee
Valuation of Employee Benefits Liabilities		
Management has estimated the fair value of the company's End of Service Benefits to be ₦1.012 billion as at 31st December 2016 with actuarial gain for the year ended 31st December 2016 recorded in the other comprehensive income of ₦220.366 million. Independent external valuations were obtained in order to support management's estimates. The valuations are dependent on certain key assumptions that require significant management judgement including discount rates and pay increase.	Our procedure in relation to management's valuation of Employee Benefits Liabilities included; i. Evaluation of the independent external valuers' competence, capabilities and objectivity. iii. Assessing the methodologies used by the independent actuarial valuers to estimate the fair value. iii. Checking on sample basis the accuracy and relevance of the input data used by management to estimate value in use. iv. Our in-house expert review of the assumption of the actuarial basis (discount rate, methodology etc). We found the key assumptions were supported by the available evidence. The fair value were supported by recent discount rate and the pay increase were in line with our expectations. We found the disclosures in note 14 to be appropriate.	We completed our audit procedures with no adverse findings.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises all the information in the **CEMENT COMPANY OF NORTHERN NIGERIA PLC** 2016 annual report other than the company financial statements and our auditor's report thereon ("the Other Information").

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other Information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charge with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

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

The engagement partner on the audit resulting in this independent auditor's report is:

Adesuyi Oluwayomi Bamidele, FCA
Engagement Partner
FRC/2014/ICAN/00000007990
Gbenga Badejo & Co.,
Chartered Accountants,
24, Ladipo Oluwole Street,
Off Adeniyi Jones Avenue,
Ikeja, Lagos.

Date: 15th March, 2017.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 ₦	2015 ₦
Revenue	7	14,087,553,499	13,037,847,294
Cost of sales	8	(10,151,268,477)	(9,185,437,770)
Gross profit		**3,936,285,022**	**3,852,409,524**
Other income	9	138,319,645	93,953,979
Selling and distribution expenses	10	(367,636,086)	(113,901,048)
Administrative expenses	11	(1,900,468,539)	(1,955,222,953)
Profit from operation		**1,806,500,042**	**1,877,239,502**
Finance income	12(a)	132,722,933	96,615,283
Finance expenses	12(b)	(198,700,626)	(424,257,930)
Net finance expenses		(65,977,693)	(327,642,647)
Profit before taxation		**1,740,522,349**	**1,549,596,855**
Tax expenses	13	(486,716,994)	(348,488,807)
Profit for the year		**1,253,805,355**	**1,201,108,048**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/ gain on defined benefit plan (Net)	14	220,366,000	(62,161,000)
Total other comprehensive (loss)/ income		220,366,000	(62,161,000)
Total comprehensive income		1,474,171,355	1,138,947,048
Earnings per share			
Basic EPS (kobo)	32	100	96
Diluted EPS (kobo)	32	100	96

Comparative year balances have been regrouped in order to align with the current year presentation. The reclassifications do not have effect on the result (Note 34)

The accompanying explanatory notes on pages 28 to 68 and other national disclosures on pages 69 to 70 form an integral part of these financial statements.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		2016	2015
ASSETS	**Notes**	**₦**	**₦**
NON-CURRENT ASSETS			
Property, plant and equipment	15	10,530,409,822	10,118,987,352
Intangible asset	16	773,665	3,550,399
		10,531,183,487	10,122,537,751
CURRENT ASSETS			
Inventories	17	5,245,925,971	5,536,744,298
Trade and other receivables	18	1,789,626,726	482,921,110
Cash and cash equivalents	19	2,463,485,832	1,004,679,999
		9,499,038,529	7,024,345,407
TOTAL ASSETS		**20,030,222,016**	**17,146,883,158**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	628,338,885	628,338,885
Share premium	21	3,513,606,409	3,513,606,409
Retained earnings	23	6,949,836,822	5,821,699,224
Other reserves	22	401,489,727	181,123,727
		11,493,271,843	**10,144,768,245**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	1,044,302,934	862,452,260
Long term borrowings	25(a)	848,886,316	1,079,811,646
Deferred revenue	26	83,756,877	62,052,824
Employee benefit liability	14	1,012,976,450	783,721,000
Provision	29	45,045,772	68,753,885
		3,034,968,349	**2,856,791,615**
CURRENT LIABILITIES			
Trade and other payables	27	4,900,612,130	3,587,054,460
Income tax payable	28	304,866,320	236,164,229
short term borrowings	25(b)	268,985,273	291,931,750
Deferred revenue	26	27,518,100	30,172,859
		5,501,981,824	**4,145,323,298**
Total Liabilities		**8,536,950,173**	**7,002,114,913**
TOTAL EQUITY AND LIABILITIES		**20,030,222,016**	**17,146,883,158**

The financial statements and notes on pages .. to ... were approved by the Board of Directors on........... and signed on its behalf by:

Alhaji Abdulsamad Rabiu, CON	**Mr. Ibrahim Aminu**	**Mr. Haruna Hashim**
Chairman	**Managing Director/CEO**	**Chief Financial Officer**
FRC/2014/IODN/00000010111	**FRC/2013/ICAN/00000001247**	**FRC/2013/ICAN/00000003271**

The accompanying explanatory notes on pages 28 to 65 and other national disclosures on pages 66 to 68 form an integral part of these financial statements.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESTRUCTURING RESERVE	RESERVE ON ACTUARIAL VALUATION OF DEFINED BENEFIT PLAN	RETAINED EARNINGS	TOTAL EQUITY
	₦	₦	₦	₦	₦	₦
Balance at 1 January 2015	**628,338,885**	**3,513,606,409**	**120,932,727**	**122,352,000**	**5,060,428,394**	**9,445,658,415**
Comprehensive income:						
Profit for the period	-	-	-		1,201,108,048	1,201,108,048
Other comprehensive income for the period	-	-	-	(62,161,000)	-	(62,161,000)
Total Comprehensive Income	**-**	**-**	**-**	**(62,161,000)**	**1,201,108,048**	**1,138,947,048**
Transactions with owners recorded directly in equity						
Dividend paid (**Note 24**)	**-**	**-**	**-**	**-**	**(439,837,218)**	(439,837,218)
Balance at 31 December 2015	**628,338,885**	**3,513,606,409**	**120,932,727**	**60,191,000**	**5,821,699,224**	**10,144,768,245**
Balance at 1 January 2016	628,338,885	3,513,606,409	120,932,727	60,191,000	5,821,699,224	10,144,768,245
Comprehensive income:						
Profit for the period	-	-	-	-	1,253,805,355	1,253,805,355
Other comprehensive income for the period	-	-	-	-	220,366,000	220,366,000
Total Comprehensive Income	**-**	**-**	**-**	**-**	**1,474,171,355**	**1,474,171,355**
Transactions with owners recorded directly in equity						
Dividend Paid (**Note 24**)	-	-	**-**		(125,667,757)	(125,667,757)
Balance at 31 December 2016	**628,338,885**	**3,513,606,409**	**120,932,727**	**60,191,000**	**7,170,202,822**	**11,493,271,843**

The accompanying explanatory notes on pages 28 to 68 and other national disclosures on pages 69 to 70 form an integral part of these financial statements.

CEMENT COMPANY OF NORTHERN NIGERIA PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 ₦	2015 ₦
Cash flows from operating activities			
Profit before taxation		1,740,522,349	1,549,596,855
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation of property, plant and equipment	15	570,129,586	516,109,198
Amortisation of intangible assets	16	2,776,734	2,776,735
Profit on disposal of property, plant and equipment	9	(9,211,000)	(3,646,131)
Impairment of property, plant and equipment		7,852,991	-
Allowance for impairment on receivables	18	10,617,951	32,154,545
Reversal of unused impairment loss		-	(58,724,814)
Amount written off during the year as uncollectible		-	(30,552,475)
Operating profit before working capital changes		**2,322,688,611**	**2,007,713,913**
Working Capital Adjustments:			
(Increase)/decrease in trade and other receivables	18	(1,317,323,567)	976,640,482
Decrease/ (increase) in inventories	17	290,818,327	(418,535,611)
Increase in trade and other payables	27	1,313,557,670	1,241,288,773
(Decrease)/ provision in Provisions	29	(23,708,113)	9,600,000
Decrease in End of Service Benefit		449,621,450	(726,114,000)
Cash generated from operations		**3,035,654,377**	**3,090,593,557**
Tax paid	28	(236,164,229)	(521,364,197)
Net cash flow from operating activities		**2,799,490,148**	**2,569,229,360**
Investing Activities			
Purchase of property, plant and equipment	15	(991,124,202)	(2,262,846,514)
Intangible assets	16	-	(1,220,594)
Proceeds from disposal of property, plant and equipment		10,930,156	3,646,162
Net cash flows used in investing activities		**(980,194,046)**	**(2,260,420,946)**
Financing Activities			
Dividend paid to equity holders	23	(125,667,757)	(439,837,218)
Loan received		-	788,755,000
Repayment of borrowings	26	(234,822,512)	(125,281,921)
Net cash flows used in financing activities		**(360,490,269)**	**223,635,861**
Net increase in cash and cash equivalents		1,458,805,833	532,444,276
Cash and cash equivalents at 1 January		1,004,679,999	472,235,723
Cash and cash equivalents at 31 December		**2,463,485,832**	**1,004,679,999**

1 Corporate information and principal activities

Cement Company of Northern Nigeria Plc was incorporated as a limited liability company on the 15th August, 1962 under the Companies and Allied Matters Act, CAP C20, LFN 2004 as amended and commenced business operation in 1967. The Company was listed on the Nigerian Stock Exchange on the 4th October, 1993. Damnaz Cement Company Limited is a wholly owned subsidiary of BUA International Limited through which BUA International Limited's investment of 50.72% in Cement Company of Northern Nigeria Plc is held.

The Company is incorporated and domiciled in Nigeria. The Registered address of the Company is located at Km 10, Kalambaina Road, Sokoto, Nigeria.

The principal actitivities of the Company during the period were manufacturing and sales of cement to the general public.

2 Basis of preparation

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

2.1.1 Statement of Compliance

The Company's financial statements for the year ended 31st December, 2016 have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective at 31st Decemeber, 2016 and requirements of the companies and Allied Matters Act (CAMA) of Nigeria and Financial Reporting Council (FRC) Act of Nigeria.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes.

The financial statements were authorised for issue by the Board of Directors on 15 March 2017.

2.1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standards (IASs) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Additional standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC. The financial statements have been prepared under the historical cost convention except for some financial assets and liabilities measured at fair value, amortised cost and net realizable value.

2.2 Going concern

The directors assess the Company's future performance and financial position on a going concern basis and have no reason to believe that the Company will not be a going concern in the year ahead. For this reason, the financial statements have been prepared on a going concern basis.

2.3 Functional and presentation currency

The Company's functional and presentation currency is the Nigerian Naira. The financial statements are presented in Nigerian Naira.

2.4 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4

2.5 Basis of measurement

The financial statements have been prepared under the historical cost concept except for the following:

- Financial instruments measured at fair value and amortised cost
- Projected Unit Credit Method for employee benefit plan

3 Standard, ammendments and interpretations to existing standard that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year/period. They have not been adopted in preparing the financial statements for the year ended 31 December 2016 and are expected not to affect the entity in the period of initial application. In all cases, the entity intends to apply these standards from the application dates as indicated in the table below.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IAS 12 amended in 19 January 2016	Income Taxes- Amended by Recognition of Deferred Tax Assets for Unrealised Losses	- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.	1 January 2017	The amendment to the standard will not impact on the Company's financial statements when it becomes effective in 2017.
IFRS 15 Issued in May 2014	Revenue from contracts with customers	IFRS 15 contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of Standards and Interpretations. The standard introduces significantly more disclosures about revenue recognition and it is possible that new and/or modified internal processes will be needed in order to obtain the necessary information. The Standard requires revenue recognised by an entity 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: (i) Identify the contract(s) with a customer (ii)Identify the performance obligations in the contract (iii)Determine the transaction price (iv)Allocate the transaction price to the performance obligations in the contract (v)Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	The amendment to the standard will not impact on the Company's financial statements when it becomes effective in 2017.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (2014) (issued July 2014)	Financial Instruments	**Classification and measurement** Financial assets will either be measured - at amortised cost, - fair value through other comprehensive income (FVTOCI) or - fair value through profit or loss (FVTPL). **Impairment** The impairment model is a more 'forward looking' model in that a credit event no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition. **Hedging** The new hedge accounting model introduced the following key changes: -Simplified effectiveness testing, including removal of the 80-125% highly effective threshold -More items will now qualify for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions -Entities can hedge account more effectively the exposures that give rise to two risk positions (e.g. interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods -Less profit or loss volatility when using options, forwards, and foreign currency swaps -New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.	Annual reporting periods commencing on or after 1 January 2018	The first time application of IFRS 9 will have a wide and potentially very significant impact on the accounting for financial instruments. The new impairment requirements are likely to bring significant changes for impairment provisions for trade receivables, loans and other financial assets not measured at fair value through profit or loss. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 16 issued in January 2016	Leases	IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. **Accounting by lessees** Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless: i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The lease liability is subsequently re-measured to reflect changes in: o the lease term (using a revised discount rate); o the assessment of a purchase option (using a revised discount rate); o the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or of future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The re-measurements are treated as adjustments to the right-of-use asset.	Annual reporting periods beginning on or after 1 January 2019	The Company is still reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted in 2019.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
		Accounting by lessor Lessor shall continue to account for leases in line with the provision in IAS 17.		
IFRS 2 amended issued in June 2016	Share-based Payment	Share-based Payment to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	Annual reporting periods beginning on or after 1 January 2017	The amended to the standard might not have any impact on the Company's financial statements when it becomes effective in 2017.
IAS 40 amended issued in 8 December 2016	Investment property	Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list	Annual reporting periods beginning on or after 1 January 2018	The amended to the standard might have impact on the Company's financial statements when it becomes effective in 2018.
IAS 7 amended issued in 8 December 2016	Statement of cash flows	Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	Annual reporting periods beginning on or after 1 January 2018	The amended to the standard will have impact on the Company's financial statements when it becomes effective in 2018.

4. **Critical accounting estimates and judgements**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assupmtions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a) ***Income and deferred taxation***

The Company incurs significant amounts of income taxes payable, and also recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

(b) ***Impairment of property, plant and equipment***

The Company assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions over the remaining useful life of the cash flow generating assets.

(c) **Legal proceedings**

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

5. **Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

5.1 **Foreign currency**

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period , monetary items 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 retranslated 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.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

5.2 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sales of goods in the ordinary course of the Company's activities and is stated net of value-added tax (VAT), rebates and discounts.

a) Sale of goods

Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Transfer of significant risk and rewards of ownership is believed to be transferred to the buyer at the point of delivery to the buyer.

b) Finance income

Finance income represents interest income received on term deposits with financial institutions and it is recognised by reference to the principal outstanding and at the effective interest rate applicable.

c) Other income

This comprises profit from sale of financial assets, profit from sale of property,plant and equipment, profit from sale of scraps and impairment loss no longer required, insurance claim, deferred revenue e.t.c.

Income arising from disposal of items of property, plant and equipment and scraps is recognised at the time when transactions are finalised and ownership transferred by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets. The Company recognised impairment no longer required as other income when the Company received cash on an impaired receivable.

5.3 Expenditure

Expenditures are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of profit or loss is presented in classification based on the function of the expenses as this provides information that is reliable and more relevant than their nature.

The Company classifies its expenses as follows:
- Cost of sales;
- Selling and Distribution expenses;
- Administration expenses;
- Finance costs.

a) Cost of Goods Sold

These are the direct costs attributable to the production of the cement sold by the company. These costs includes directly attributable costs such as the cost of direct materials, direct labour, energy costs, as well as production overheads, including depreciation of production facilities.

The cost of goods sold includes write-downs of inventories where necessary.

b) Selling and distribution expenses

These comprise of the cost of marketing, the sales organization, and distribution logistics.

c) Administrative expenses

Administrative expenses are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of profit or loss and other comprehensive income is presented in classification based on the function of the expenses as this provides information that is reliable and more relevant than their nature.

d) Finance expenses

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets and impairment losses recognised on financial assets (other than trade receivables) and borrowing cost that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

5.4 Taxation

The tax for the period comprises current and deferred tax

a) Current income tax

The income tax expense for the period comprises current and deferred tax expense. Tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in Nigeria where the Company operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Company is subject to the following types of current income tax:

- Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date
- Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011 (Amended)

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is recognised for using the liability method,which represents taxation at the current rate of corporate tax on all temporary differences between the accounting values and their corresponding tax written down values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

5.5 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset.

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 the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value (except for freehold land and properties under construction). Depreciation is recognized within "Cost of sales" and "Administrative and selling expenses," depending on the utilization of the respective assets on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their depreciable amounts to their residual values over their estimated useful lives, as follows:

Land	Not depreciable
Quary	25 years
Building	40 years
Plant and machinery	3 – 40 years
Furniture and fitting	5 years
Office equipment	3-5 years
Motor vehicles	4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. Major overhaul expenditure, including replacement spares and labour costs, is capitalised and depreciated over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of plant are charged to profit or loss on consumption or as incurred respectively.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale."

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the income statement.

Capital Work-in-Progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of tangible assets in the course of their erection, installation and acquisition. These are capitalised to property, plant and equipment when the specific project is completed. No depreciation is provided until the assets are available for use, as intended by management. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (more than 12 months) to get ready for its intended use, form part of the cost of that asset. Other borrowing costs are recognised as an expense.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss component of the statement of comprehensive income within ‘Other income’ in the year that the asset is derecognised.

5.6 Impairment of non-financial assets

Non-financial assets other than inventories are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 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 is treated as a revaluation increase.

5.7 Intangible assets

The application software deployed by the Company is recognised and measured initially at cost and amortised on a straight-line basis over its estimated useful life.
After initial recognition, it is carried at cost less accumulated amortisation and accumulated impairment losses. The average amortisation period is 5 years

5.8 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5.9 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for any obsolescence and damages determined by the management. Costs are those expenses incurred in bringing each product to its present location and condition which are computed as follows:

Raw Materials

Actual costs include transportation, handling charges and other related costs that are incurred to bring the materials to the location and condition. This are valued at First-in First-out method.

Work in Progress

Include cost of direct materials, direct labour and other direct cost plus attributable overheads based on normal operating capacity. The cost includes direct cost and appropriate overheads and is determined on the first-in first-out method.

Finished Goods

Include cost of material, labour, production and attributable overheads based on normal operating capacity and is determined on the first-in first-out method.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

The company’s management determines the estimated amount of slow moving inventories. This estimate is based on the age of items in inventories and this provision is subject to change as a result of technical innovations and the usage of items.

5.10 Financial assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent remeasurement of financial assets is determined by their designation that is revisited at each reporting date.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The company's financial assets comprise of mainly 'loans and receivables'. Loans and receivables are made up of cash and cash equivalents and trade receivables.

(i) **Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, bank and investments in money market instruments with maturity dates of less than three months and are risk-free net of bank overdraft. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(ii) **Trade receivables**

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Discounting is ignored if insignificant. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that debtor will enter bankruptcy and default or delinquency in payment, are the indicators that a trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within the administrative cost.

The amount of the impairment provision is the difference between the asset's nominal value and the recoverable value, which is the present value of estimated cash flows, discounted at the original effective interest rate. Changes to this provision are recognised under administrative costs. When a trade receivable is uncollectable, it is written off against the provision for trade receivables.

(iii) **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. 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 the income statement.

5.11 **Prepayments**

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit or loss and other comprehensive income.

At each reporting date, the Company assesses whether its financial assets have been impaired. Impairment losses are recognised in the income statement where there is objective evidence of impairment.

5.12 **Financial liabilities**

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method or invoice price where discounting is not significant. The Company's financial liabilities include trade payables and borrowings.

Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the reporting date are classified as non-current.

(i) **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(ii) **Borrowings**

Borrowings are recognised initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise

(iii) **De-recognition 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 income statement.

(iii) **Impairment of financial instruments**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists.
For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the company may measure impairment on the basis of an instrument’s fair value using an observable market price.

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 (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

5.13 **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

5.14 Employee benefits

The Company operates the following contribution and benefit schemes for its employees:

i) **Defined contribution pension scheme**

In line with the provisions of the Nigerian Pension Reform Act, 2014, Cement Company of Northern Nigeria Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Company at the rate of 8% by employees and 11.5% by the Company of basic salary, transport and housing allowances invested outside the Company through Pension Fund Administrators (PFAs) of the employees' choice.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by Cement Company of Northern Nigeria Plc to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. Liabilities in respect of the defined contribution scheme are charged against the profit or loss of the period in which they become payable.

ii) **Gratuity scheme**

The estimates of the terminal benefit obligations are calculated periodically, with the assistance of independent actuaries, using the projected unit credit method. This method considers best estimate actuarial assumptions including the probable future length of the employees' service, the employees' final pay, the expected average life expectancy and probable turnover of beneficiaries. The obligations are discounted based upon appropriate discount rates.

The assets held by external entities to fund future benefits payments are valued at fair value at the reporting date. The current period expense comprises the increase in the obligation, which results from the additional benefits earned by the employees in the period, and the interest expense, which results from the outstanding pension obligation. The current period expenses related to the defined benefit plan are recorded in cost of sales, selling and distribution and administrative expenses based on the beneficiaries and the plan. Actuarial gains or losses are charged or credited to other comprehensive income in the period which they arise.

iii) **Short-term benefits**

Short term employee benefit obligations which include wages, salaries, bonuses and other allowances for current employees are measured on an undiscounted basis and recognised and expensed by Cement Company of Northern Nigeria Plc and in the Company's income statement as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits if the group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.15 **Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated.

Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

5.16 **Related party transactions**

Related parties include the related companies, the directors and any employee who is able to exert significant influence on the operating policies of the company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Where there is a related party transactions with the company, the transactions are disclosed separately as to the type of relationship that exists with the company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

5.17 **Share capital, reserves and dividends**

(i) **Share capital**

Share capital represents the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ii) **Reserves**

Reserves include all current and prior period retained earnings, share premium, capital restructuring reserve and reserve on actuarial valuation of defined benefit plan.

(iii) **Dividends**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the company. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position.

6 **Financial risk management**

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

Financial assets	**31 December 2016**	**31 December 2015**
	₦	₦
Cash and cash equivalents	2,463,485,832	1,004,679,999
Trade receivables	5,239,879	201,552
Due from related companies	973,840,531	150,386,258
Total financial assets	3,442,566,242	1,155,267,809
Financial liabilities	₦	₦
Short term borrowings	268,985,273	291,931,750
Due to related companies	131,406,472	199,208,132
Long term borrowings	848,886,316	1,079,811,646
Trade payables	848,662,293	1,035,358,876
	2,097,940,354	2,606,310,404

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values.

General objectives, policies and processes of risk management

The Executive Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance department. The Board receives periodic reports from the Company's Finance Manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's Finance Manager also reviews the risk management policies and processes and report their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from services rendered on credit. It is Company policy to assess the credit risk of new customers before entering contracts.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management.

The Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit services are made only with approval of the Management, otherwise payment in advance is required. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

Cash at bank

A significant amount of cash is held with the following institutions:

	31 December 2016 ₦
First Bank Nigeria Limited	201,760,175
Keystone Bank Limited	121,387,957
First City Monument Bank	565,462
Skye Bank Plc	584,630,183
United Bank for Africa Plc	169,020,305
Diamond Bank Plc	120,030,241
Stanbic IBTC Bank	31,152,726
Guarantee Trust Bank Plc	368,473,272
Union Bank of Nigeria Plc	333,962,534
Zenith Bank Plc	532,502,977
	2,463,485,832

The Management monitors the utilisation of the credit limits regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Market risk

Market risk arises from the Company's use of interest bearing and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (Currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk. The Company's variable interest loans are short term and as such impact on changes will not be significant on the financial statement. The Company's long term borrowings have fixed interest rate.

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a Currency other than its functional Currency and this is very significant considering that the Company has liabilities denominated in foreign currency.

The Company is exposed to foreign exchange risk from its intercompany transactions in foreign currency and from its domiciliary accounts with commercial banks. The Company's assets and liabilities denominated in foreign currency as at the year ended 31 December 2016 and 31 December 2015 are as stated below:

	Assets	Liabilities
	2016	2016
	₦	₦
US dollars ($)	679,598	-
Pound Sterling (£)	1	-
Euro	404,727	-

Sensitivity analysis

At 31 December 2016, if the currency had weakened/strengthened by 1% against the US Dollar and Pound Sterling, and Euro with all other variables held constant, profit after taxation for the year would have been N3,178,462 higher/lower, mainly as a result of the foreign exchange gains/losses on translation of US Dollar, Pound Sterling and Euro denominated bank balances.

Liquidity risk

Liquidity risk arises from the Company's management of working capital, the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 60 days.

The liquidity risk of the Company is managed by the Company's Finance Manager

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At 31 December 2016	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	₦	₦	₦	₦	₦
Trade payables	848,662,293	-	-	-	-
Short term borrowings	-	268,985,273	-	-	-
Due to related companies	-	131,406,472	-	-	-
Long term borrowings	-	-	600,000,000	225,000,000	-
	848,662,293	400,391,745	600,000,000	225,000,000	-

At 31 December 2015	₦	₦	₦	₦	₦
Trade payables	1,035,358,876	-	-	-	-
Short term borrowings	-	291,931,750	-	-	-
Due to related companies	-	199,208,132	600,000,000	525,000,000	-
Long term borrowings	-	-	-	-	-
	1,035,358,876	491,139,882	600,000,000	525,000,000	-

Price risk

The company is exposed to financial risks arising from changes in commodity prices.These risks are managed through an established process whereby the various conditions which influenced commodity prices are monitored on a daily basis. Decisions on the procurement of raw materials as well as the utilisation of derivative instruments to hedge against these risks are taken by executive management within board approved mandates.

Capital Disclosures

The Company monitors "adjusted capital" which comprises all components of equity (i.e. share capital, and retained earnings, share premium, capital restucturing reserve, reserve on actuarial valuation of defined benefit plan).

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt adjusted capital as defined above. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents.

The debt-to-adjusted-capital ratio at 31 December 2016 and 31 December 2015 were as follows:

	31 December 2016 ₦	31 December 2015 ₦
Total debt	8,536,950,173	7,002,114,913
Less: cash and cash equivalents	(2,463,485,832)	(1,004,679,999)
Net debt	6,073,464,341	5,997,434,914
Total equity	11,493,271,843	10,144,768,245
Debt to adjusted capital ratio	0.53:1	0.59:1

7 REVENUE

	2016	2015
Revenue - Naira	₦	₦
Sale of cement	14,087,553,499	13,037,847,294
Further analysis of revenue		
Nigeria	13,929,233,133	13,037,847,294
Outside Nigeria	158,320,366	-
	14,087,553,499	13,037,847,294

a) ***Revenue- Volume in tons***	**Unit**	**Unit**
Company's production capacity	500,000	500,000
Production for the year	485,799	395,438
Movement in quantity of cement	856	3,037
	486,655	398,475
b) Cement deliveries (Tons)	488,495	404,377

Included in sale of cement is revenue of approximately N2.3 billion (2015: ₦1.811 billion) which arose from sales to the Company's single largest customer.

8 COST OF SALES

	2016	2015
Raw Materials and Consumables	2,031,721,826	996,715,673
Energy Cost	5,399,897,131	5,875,939,033
Lubricant	98,720,558	47,721,205
Repairs amd Maintenance	722,242,160	512,012,390
Salaries, wages and benefits	1,241,987,438	1,150,111,889
Training cost	10,854,641	13,060,184
Factory Depreciation	516,736,920	464,520,055
Insurance	39,202,616	33,217,617
Other direct expenses	89,905,187	92,139,724
	10,151,268,477	9,185,437,770

9 OTHER INCOME

	2016	2015
Insurance claims	3,383,860	8,945,748
Sales of scrap	-	8,430,353
Net reversal impairment	-	26,570,270
Deferred revenue	48,476,899	20,113,703
Realised exchange gain	77,247,886	26,247,774
Profit on disposal of assets	9,211,000	3,646,131
	138,319,645	**93,953,979**

10 SELLING AND DISTRIBUTION COSTS

	2016	2015
Marketing expenses and other overheads	269,658,834	22,761,699
Salaries, wages and benefits	97,977,252	91,139,349
	367,636,086	**113,901,048**

11 ADMINISTRATIVE EXPENSES

	2016	2015
	₦	₦
Salaries and Wages	631,407,210	486,397,948
Trainings	40,486,264	40,613,073
Repairs and maintenance	65,038,433	105,067,595
Depreciation	53,392,666	51,589,143
Impairment of property,plant and equipment	7,852,991	-
Allowance for impairment on receivables	10,617,951	-
Amortisation	2,776,734	2,776,735
Technical and management fees	459,055,904	532,932,696
Board and Directors expenses	63,567,900	57,881,808
Legal and consultancy fee	63,950,617	62,939,226
Rent and rates	1,451,363	6,412,954
Audit Fees (Note 11(a))	9,000,000	9,000,000
Telephone, internet and subscription	32,256,906	50,442,972
Postages and stationeries	7,893,606	14,032,468
Fuel and electricity	38,348,230	45,159,127
Travelling expenses	34,643,803	33,786,356
AGM expenses	30,721,861	23,067,774
Insurance	38,088,315	41,968,365
Donation	65,050,000	28,800,000
Foreign exchange loss	36,454,867	38,232,741
Bank charges	25,057,434	53,574,553
Fine	10,311,283	35,220,320
Other administrative expenses	173,044,201	235,327,099
	1,900,468,539	1,955,222,953

a) Audit and non- audit services

		2016	2015
i) Audit services-	Audit fees	9,000,000	9,000,000
	Audit expenses	3,120,935	4,009,647
ii) Non-audit services		-	-
		12,120,935	13,009,647

12 FINANCE INCOME AND COST

	2016	2015
	₦	₦
a) Finance income		
Interest Income	51,425,933	96,615,283
Interest on defined benefit obligation	81,297,000	-
	132,722,933	96,615,283
b) Finance cost		
Interest on borrowings	198,700,626	145,455,930
Interest on defined benefit obligation	-	278,802,000
	198,700,626	**424,257,930**
Net finance cost	(147,274,693)	(327,642,647)

13) Tax expense

(a) Current tax expense

	₦	₦
Company income tax	259,185,793	194,531,516
Education tax	45,680,527	41,632,713
Total current tax expense	304,866,320	236,164,229
Deferred tax expense	181,850,674	112,324,578
Total tax expense	486,716,994	348,488,807

(b) Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax, education tax and deferred tax.

(c) The amount provided as Income Tax on the profit for the year has been computed on the basis of the income tax rate of 30% in accordance with the Company Income Tax Act, CAP C21 LFN, 2004 (as amended).

(d) Provision for education tax has been computed at the rate of 2% on the assessable profit in accordance with the Education Tax Act CAP E4 LFN, 2004 (as amended).

(e) Reconciliation of total tax charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Nigeria applied to (loss)/profits for the year are as follows:

	2016	2015
	₦	₦
Profit for the year before tax	1,740,522,349	1,549,596,855
Tax using the Company income tax rate of 30%	522,156,705	464,879,057
Effect of expenses that are taxable and non-taxable in determining taxable profit	162,763,611	159,704,672
Education tax at 2% of assessable profit	45,680,527	41,632,713
Utilization of tax credit	(425,734,523)	(430,052,213)
Tax expense recognised in profit or loss	304,866,320	236,164,229
Effective rate (%)	18	15

The tax rate used for 2016 and 2015 reconciliation above is the corporate tax rate of 30% and tertiary education tax rate of 2% payable by corporate entities in Nigeria on taxable profits under tax law in the country, for the year ended 31 December 2016.

14 Employee Benefits Obligation

a) Defined Contribution Plan

The company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act, 2004, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 11.5% by the employer.

	2016	2015
	₦	₦
Balance at beginning	91,775,253	50,920,999
Charge to profit or loss	144,384,316	154,342,595
Payments during the year	(149,726,672)	(113,488,342)
Balance at the end	86,432,897	91,775,253

The company's contributions to this scheme is charged to the profit or loss account in the period to which they relate. Contributions to the scheme are managed by IBTC pension manager, and other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act.

Consequently, the company has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

As at 31 December 2016, contributions of N86,432,897 (2015:N 91,775,253) due in respect of the 2015 reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

c) Defined Benefit Plan

The Company also has a retirement benefits policy (unfunded) for all its full-time employees who have served the company for a minimum of 2 years and 5 years for Top Management Staff and Other Staff categories respectively. The company has a post-retirement programme for any employee who has attained the terminal age limit of 55years.

The valuations of the present value of the defined benefit plan were carried out at 31 December 2016 by HR Nigeria Limited. The present value of the plan and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

In calculating the liabilities, the method:

i. Recognise the company service rendered by each member of staff at the review date.
ii. Anticipate that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement and then;
iii. Discount the expected benefit payment to the review date.

i) Valuation Assumptions

The valuation assumptions fall under two broad categories:
- Financial Assumptions
- Demographic Assumptions

i. Financial Assumptions

The principal financial assumptions used for the purposes of the acturial valuations were as follows:

Financial Year Ending	**2016**	**2015**
	%	**%**
Long Term Average Discount Rate (pa)	16	12
Average rate(s) of salary increase (pa)	12	11
Average Inflation rate (pa)	12	9

Discount Rate

In order to measure the liability, the projected benefit must be discounted to a net present value as at the current balance sheet date.

IFRS through IAS 19 requires that the discount rate be determined on the company's balance sheet date by reference to market yields on high quality corporate bonds, except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds. We are adopting FGN Bonds although State Bonds exist with (broadly) higher yields.

The discount rate should reflect the duration of the liabilities of the benefit programme.

The weighted average liability duration for the plan is 4.71 years. The average weighted duration of the longest Nigerian Government bond as at 30th December, 2016 was 5.83years with a gross redemption yield of 16.05%.

We are prudently adopting 15.8% p.a. as the discount rate for the current valuation.

Pay Increase

We are assuming on average that salaries will increase by a real 2% p.a.

ii. Demographic Assumptions

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample age	Number of deaths in year out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

Withdrawal from Service

Age Band	2015 Rate	2016 Rate
Less than or equal to 30	3.0%	3.0%
31 – 35	3.0%	3.0%
36 – 40	3.0%	3.0%
41 – 45	2.0%	2.0%
46 – 55	5.0%	5.0%

ii) The amount included in the statement of financial position as a result of the entity's obligation in respect of its defined benefit plans is as follows:

	2016	2015
	₦	₦
Present value of the defined benefit plan	1,743,530,000	1,777,116,000
Fair value of plan assets	(730,553,550)	(993,395,000)
Funded Status	**1,012,976,450**	**783,721,000**

Reconciliation of change in the present value of the defined benefit plan are as follows:

	2016	2015
	₦	₦
Balance at beginning of the year	1,777,116,000	1,947,654,000
Current service cost	136,539,000	127,076,000
Interest cost	206,081,000	278,802,000
Acturial (gains)/losses - Change in assumption	(214,274,000)	177,021,000
Acturial (gains)/losses - Experience adjustment	(87,389,000)	(132,041,000)
Benefit Payment	(74,543,000)	(621,396,000)
Balance at end of the year	**1,743,530,000**	**1,777,116,000**

Reconciliation of Change in the fair value of plan assets are as follows:

	2016	2015
	₦	₦
Balance at beginning of the year	993,395,000	499,980,000
Contribution by employers	240,000,000	463,000,000
Benefits payment from the fund	(542,056,000)	(23,585,000)
Expected return on plan assets	120,227,000	71,181,000
Actuarial gain/(loss) on plan assets	(81,297,000)	(17,181,000)
Balance at end of the year	**730,269,000**	**993,395,000**

Amounts recognised in Profit or Loss in respect of these defined benefit plans are as follows:

	2016	2015
	₦	₦
Current Service Cost (Employee Cost)	136,539,000	127,076,000
Interest on obligation (Finance Cost)	206,081,000	278,802,000
Income on plan assets (Other Income)	(120,227,000)	(71,181,000)
	222,393,000	**334,697,000**

Amounts recognised in Other Comprehensive Income are as follows:

	2016	2015
Acturial (gain)/loss on defined benefit plan:		
- Change in Assumption	(214,274,000)	177,021,000
- Change in Experience Adjustment	(87,389,000)	(132,041,000)
	(301,663,000)	44,980,000
Acturial (gain)/loss on Planned Assets during the year	81,297,000	17,181,000
	(220,366,000)	**62,161,000**

	₦	₦
Net(Liability)/Asset recognized in the Statement of Financial Position		
Net (Liability)/Asset recognised in the Statement of Financial Position - Opening	783,721,000	(1,447,674,000)
Net Periodic Benefit Cost recognised in the Profit or loss	222,393,000	(334,697,000)
Benefit paid by employer during the year	(467,513,000)	597,811,000
Employer contribution	240,000,000	463,000,000
Amount recognised in Other Comprehensive income	220,366,000	(62,161,000)
	998,967,000	**(783,721,000)**

iii) **Sensitivity Analysis on Accrued Liability**

		Accrued liabilities	
		2016	**2015**
		₦	₦
Sensitivity Base	**Parameters**	1,743,530,000	1,777,116,000
Discount rate	+1%	1,675,572,000	1,689,893,000
	-1%	1,817,302,000	1,872,662,000
Salary Increase	+1%	1,827,148,000	1,881,078,000
	-1%	1,665,436,000	1,680,755,000
Mortality Experience	Age rated up by 1year	1,740,183,000	1,781,267,000
	Age rated down by 1year	1,746,885,000	1,772,975,000

15 PROPERTY, PLANT AND EQUIPMENTS

	LAND	QUARRY	BUILDING	PLANT AND MACHINERY	FURNITURE AND FITTINGS	OFFICE EQUIPMENTS	MOTOR VEHICLE	CAPITAL WORK IN PROGRESS	TOTAL
COST	₦	₦	₦	₦	₦	₦	₦	₦	₦
Balance at 1 January 2016	55,330,066	377,357,471	637,608,549	9,975,214,530	158,455,029	624,725,832	222,452,813	2,245,263,369	14,296,407,659
Addition	-	-	5,821,594	427,547,120	5,952,823	48,931,098	22,171,905	480,699,662	991,124,202
Disposals	-	-	-	(2,956,694)	(1,022,000)	(339,500)	(23,538,100)	-	(27,856,294)
Impairment	-	-	-	(9,500,000)	-	-	-	-	(9,500,000)
Balance at 31 December 2016	**55,330,066**	**377,357,471**	**643,430,143**	**10,390,304,956**	**163,385,852**	**673,317,430**	**221,086,618**	**2,725,963,031**	**15,250,175,567**
Balance at 1 January 2015	55,330,066	377,057,471	625,859,614	8,688,529,085	150,325,249	793,334,242	388,473,501	1,170,039,315	12,248,948,543
Addition	-	300,000	7,753,503	1,120,173,735	2,787,578	16,324,345	46,793,300	1,068,714,054	2,262,846,514
Disposals	-	-	-	(11,244,470)	-	(1,052,242)	(206,390,687)	-	(218,687,398)
Reclassification	-	-	695,432	177,756,180	5,342,203	(183,880,514)	(6,423,301)	6,510,000	-
Asset held for sale	-	-	3,300,000	-	-	-	-	-	3,300,000
Balance at 31 December 2015	55,330,066	377,357,471	637,608,549	9,975,214,530	158,455,029	624,725,832	222,452,813	2,245,263,369	14,296,407,659
DEPRECIATION	₦	₦	₦	₦	₦	₦	₦	₦	₦
Balance at 1 January 2016	-	20,693,362	174,008,329	3,380,657,755	155,598,223	304,143,436	142,319,201	-	4,177,420,306
Charge for the period	-	9,385,596	16,057,254	489,090,810	1,464,861	26,528,348	27,602,716	-	570,129,586
Disposals	-	-	-	(2,956,694)	(1,021,750)	(286,031)	(21,872,663)	-	(26,137,138)
Impairments	-	-	-	(1,647,009)	-	-	-	-	(1,647,009)
Balance at 31 December 2016	**-**	**30,078,958**	**190,065,583**	**3,865,144,861**	**156,041,334**	**330,385,753**	**148,049,255**	**-**	**4,719,765,745**
Balance at 1 January 2015	-	9,634,861	170,611,317	2,586,505,760	145,097,550	658,550,762	309,598,221	-	3,879,998,471
Charge for the period	-	9,381,637	15,978,365	433,978,307	6,771,516	27,287,677	22,711,696	-	516,109,198
Disposals	-	-	-	(11,244,470)	-	(1,052,206)	(206,390,686)	-	(218,687,362)
Reclassification (Note 6.2)	-	1,676,864	(12,581,353)	371,418,158	3,729,157	(380,642,797)	16,399,971	-	-
Balance at 31 December 2015	**-**	**20,693,362**	**174,008,329**	**3,380,657,755**	**155,598,223**	**304,143,436**	**142,319,202**	**-**	**4,177,420,307**
CARRYING AMOUNT									
Balance at 31 December 2016	**55,330,066**	**347,278,513**	**453,364,560**	**6,525,160,094**	**7,344,518**	**342,931,677**	**73,037,363**	**2,725,963,031**	**10,530,409,822**
Balance at 31 December 2015	**55,330,066**	**356,664,109**	**463,600,220**	**6,594,556,775**	**2,856,806**	**320,582,396**	**80,133,611**	**2,245,263,369**	**10,118,987,352**

a) Assets Pledged as Security

As at 31st December 2016, property, plant and equipment with a carrying amount of ₦1.7 billion (2015: ₦1.7billion) are subjected to a registered all assets debenture to secure bank loans (See note 13 for further explanation).

b) Capital Work in Progress

Capital work-in-progress represents assets under construction which are not subject to depreciation. These assets, after completion of construction will be reclassified to the appropriate class of property, plant and equipment.

C) Reclassification

During the year 2015, the company carried out a comprehensive reassessment of the carrying value of its Property, Plant and Equipments in order to ensure that it shows a true and fair view. It involve its qualified and competent engineers and an independent consultants to carry out the exercise. The assets useful lives were also reviewed.

d) <u>Impairment losses recognised in the year</u>

Company's thrust roller with a carrying amount of N 7,852,991 was impaired during the year.

e) Depreciation for the year

The depreciation charged for the year is apportioned as follows	₦	₦
Cost of Sales	516,736,920	464,520,055
Administrative Expenses	53,392,666	51,589,143
	570,129,586	**516,109,198**

16 INTANGIBLE ASSETS

SOFTWARE LICENSE

Cost	**₦**
Balance at 1 January 2016	8,996,654
Addition	-
Balance at 31 December 2016	**8,996,654**
Balance at 1 January 2015	7,776,060
Addition	1,220,594
Balance at 31 December 2015	**8,996,654**
Amortisation	**₦**
Balance at 1 January 2016	5,446,255
Amortisation	2,776,734
Balance at 31 December 2016	**8,222,989**
Balance at 1 January 2015	2,669,520
Amortisation	2,776,735
Balance at 31 December 2015	**5,446,255**
CARRYING AMOUNT	
Balance at 31 December 2016	773,665
Balance at 31 December 2015	3,550,399

Software License

The software license relates to cost of license on software used by the company which is for the period of 5years. Software license is shown at amortised cost.

Apart from the computer software, the Company has no other intangible assets.

The licences have been acquired with the option to renew at the end of the period.
This has allowed the company to determine that these assets have definite useful lives.

17 INVENTORIES	2016	2015
	₦	₦
Finished goods	27,536,957	43,679,511
Raw materials and consumables	771,317,054	843,859,065
Spare parts	2,500,202,400	2,056,331,811
Production work-in-progress	1,929,054,295	2,553,535,000
Goods-in-transit (Note (17 (e))	17,815,265	39,338,911
	5,245,925,971	**5,536,744,298**

a) The carrying amount of the inventories is the lower of their costs and net realisable values as at the reporting dates.

b) The cost of inventories recognised as an expense during the year was N5.4 billion (2015: N 6.9billion).

c) None of the inventories was written down during the year.

d) As at 31st December 2016, none of the inventories of the company was pledged as security for loans.

e) Goods-in-transit represents cost of materials and consumables yet to be received

18. **Trade and other receivables**	₦	₦
Trade receivables	13,297,900	8,259,573
Allowance for impairment of trade receivables (Note 18 (a))	(8,058,021)	(8,058,021)
Total financial assets other than cash and cash equivalents classified as loans and receivables	5,239,879	201,552
Prepayments (Note 18(b))	36,721,217	66,652,977
Due from related companies (Note 18 (c))	973,840,531	150,386,258
Advances to suppliers (Note 18(d))	121,530,548	96,794,849
Advances to staff	37,564,080	22,453,915
Other receivables (Note 18(e))	124,532,031	113,919,359
Deposit for asset	490,198,440	32,512,200
Total trade and other receivables	1,789,626,726	482,921,110

(ii) The carrying value of trade and other receivables classified as trade receivables approximates fair value. Trade receivables are non-interest bearing and are generally on 30 days terms. Trade receivables are reported net of allowance for impairment.

The Company does not hold any collateral as security for its trade and other receivables.

(iii) The age analysis of trade receivables is as follows:

	₦	₦
< 30 days	-	-
30-180 days	5,239,879	201,552
180 days and above	8,058,021	8,058,021
	13,297,900	8,259,573

(iv) The Company predominantly transacts its business on cash and carry basis with the exception of four corporate clients in the construction industry who have corporate guaranteed bonds in place with a spelt out and agreed credit terms.

(v) The company determines its recoverability of trade receivable after considering any changes in the credit quality of the trade receivables from the date credit is granted up to the end of the reporting period.

		2016	2015
a)	**Allowance for impairment**	**₦**	**₦**
	Movement in the Impairment allowance on Trade and Other Receivable are as follows:		
	Balance at beginning of the year	110,853,049	167,975,793
	Impairment allowance for amount due from related companies (Note 18(a)(i))	10,617,951	32,154,545
	Unused amount reversed	-	(58,724,814)
	Balance at end of the year	-	(30,552,475)
		121,471,000	110,853,049
i)	*Allowance for impairment is further analysed below*		
	On trade receivables	8,058,021	8,058,021
	Advance to suppliers	102,795,028	102,795,028
	Related companies	10,617,951	-
		121,471,000	110,853,049

b) **Prepayments**

Prepayments represent internet subscriptions and rent

		2016	2015
c)	**Due from related companies**		
	Edo Cement Company Limited	10,617,951	10,617,951
	NOM (UK) Limited	69,655,871	-
	BUA International Limited	904,184,660	139,768,307
		984,458,482	150,386,258
	Impairment allowance for amount due from related companies (Note 18(a)(i))	(10,617,951)	-
		973,840,531	150,386,258
d)	**Advances to suppliers**		
	Cash with suppliers	224,325,576	199,589,877
	Allowance for impairment of advance to suppliers (Note 18 (a)(i))	(102,795,028)	(102,795,028)
		121,530,548	96,794,849
e)	**Other receivables**		
	Right issue costs	85,563,792	85,563,795
	Nigeria Export Promotion Council	12,063,468	12,063,468
	Negotiable Duty Certificate	14,023,000	14,023,000
	Value Added Tax receivable	12,881,771	2,269,096
		124,532,031	113,919,359

19 Cash and cash equivalents

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2016	2015
	₦	₦
Bank	2,280,495,679	931,344,169
Short term deposit (Note 19 (a))	182,990,153	73,335,830
	2,463,485,832	1,004,679,999

a) Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

b) The Company has not pledged part of its short-term deposits in order to fulfil collateral requirements with any Banks. Cash and Bank equivalent is exclusive of overdraft balance.

20 Share Capital

Authorised:	**Unit**	**Unit**
Ordinary shares of 50k each	**6,536,711,080**	**6,536,711,080**
Issued and fully paid		
Ordinary shares of 50k each	1,256,677,770	1,256,677,770
Authorised:	₦	₦
Ordinary shares of 50k each	3,268,355,540	3,268,355,540
Issued and fully paid		
Ordinary shares of 50k each	628,338,885	628,338,885

21 Share premium

	₦	₦
Balance at the beginning and at the end of the year	3,513,606,409	3,513,606,409

22 Other reserves

(a) Capital Restructuring Reserve

	₦	₦
Balance at the beginning and at the of the year	120,932,727	120,932,727

Capital restructuring reserves was created as a result of the partial privatisation of the company in 1992 which gave rise to accrued benefits from the Loan restructuring of the Federal Government Loan.

(b) Reserve on actuarial valuation of defined benefit plan	2016	2015
	₦	₦
Balance at the beginning of the year	60,191,000	122,352,000
Actuarial gain/(loss) on defined benefit plan	301,663,000	(44,980,000)
Actuarial gain/(loss) on planned assets during the year	(81,297,000)	(17,181,000)
Balance at the end of the year	280,557,000	60,191,000

The employee benefit reserve arises on the re-measurement of the defined benefit plan. Items of the other comprehensive income included in the employee benefit reserve will not be reclassified subsequently to profit or loss.

23 Retained earnings

Balance at the beginning of the year	5,821,699,224	5,060,428,394
Profit for the year	1,253,805,355	1,201,108,048
Dividended paid	(125,667,757)	(439,837,218)
Balance at the end of the year	6,949,836,822	5,821,699,224

24 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2015: 30%). The movement on the deferred tax account is as shown below:

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

Balance, beginning of year	862,452,260	750,127,682
provision for the year	181,850,674	112,324,578
Balance, end of year	1,044,302,934	862,452,260

Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

Analysis of deferred tax

As per statement of financial position:	-	
Property, plant and equipments	1,431,533,394	1,180,064,734
Intangible assets	-	553,610
Trade and other receivables	(36,441,300)	(34,755,914)
Employee benefit scheme	(303,892,935)	(235,116,300)
Deferred revenue	(33,382,493)	(27,667,705)
Provisions	(13,513,732)	(20,626,165)
	1,044,302,934	862,452,260
As per profit or loss and other comprehensive income:		
Property, plant and equipments	251,468,660	(71,555,700)
Intangible assets	(553,610)	(394,744)
Trade and other receivables	(1,685,386)	15,636,826
Employee benefit scheme	(68,776,635)	199,185,900
Deferred revenue	(5,714,788)	(27,667,705)
Provisions	7,112,433	(2,879,999)
	181,850,674	112,324,578

25	**Borrowings**	**2016**	**2015**
		₦	**₦**
a)	**Long term borrowings**		
	Bank of Industry - Term loan (Note 25 (d))	848,886,316	1,079,811,646
b)	**Short term borrowings**		
	Skye Bank Plc - Term Loan (Note 25(c))	121,985,273	182,205,879
	Bank of Industry - Term Loan (Note 25 (d))	147,000,000	109,725,871
	Total Current Borrowings	268,985,273	291,931,750
	Total borrowings	1,117,871,589	1,371,743,396

a) The above borrowings are further classified based on average interest rate, maturity and provider of funds:

	Average Interest Rate	**Maturity**	**₦**	**₦**
Skye Bank Plc - Overdraft	16%	On Demand	-	-
Skye Bank Plc - Term loan	16%	2nd July 2018	121,985,273	182,205,879
Bank of Industry - Term loan	10%	31 March 2020	995,886,316	1,189,537,517
			1,117,871,589	**1,371,743,396**

Movement in borrowings are analysed as follows excluding overdraft:

		₦
b)	**Year ended 31 December 2016**	
	Balance as at 1 January 2015	1,371,743,396
	Additional borrowings	-
	Repayments of borrowings	(234,822,512)
	Movement in deferred revenue	(19,049,295)
	Balance as at 31 December 2016	**1,117,871,589**
	Year ended 31 December 2015	
	Balance as at 1 January 2015	800,496,000
	Additional borrowings	788,755,000
	Repayments of borrowings	(125,281,921)
	Movement in deferred revenue	(92,225,683)
	Balance as at 31 December 2015	1,371,743,396

The maturity profile of borrowings is analysed below:

Due in the next one year	268,985,273	291,931,750
Due in the second year and above	848,886,316	1,079,811,646
	1,117,871,589	1,371,743,396

c) **Skye Bank Plc loan**

i) **Term Loan**

The facility was sourced to finance acquisition of Property, Plant & Equipment and this is secured against fixed and floating assets debenture of the company. Skye Bank Plc has the first charge on the company asset debenture.

ii) Overdraft

The bank overdraft is obtained to support its working capital requirement for day to day operations. The Bank overdraft is also secured against the floating assets debenture of the company.

d) Bank of Industry (BOI) - Term Loan

The facility was obtained to finance Generating set for the plant and Komatsu Dump Trucks. The loan is guaranteed by Skye Bank Plc. The loan was obtained at 10% interest rate. Given the concessionary terms at which the company secured the loan, it is considered to have an element of government grant. The prevailing market interest rates for an equivalent loan is 16%. The fair value of the loan is estimated at N688million. The difference of N112.3million is between gross proceeds of the loan and the fair value of the loan is the benefit derived from the below market rate loan. The difference is recognized as deferred revenue (see note 26).

26 Deferred Revenue

	2016	2015
Deferred Revenue arising from Government Grant	₦	₦
Current	27,518,100	30,172,859
Non-current	83,756,877	62,052,824
	111,274,978	92,225,683

The deferred revenue arose as a result of the benefit received from government loans (Bank of Industry) granted in year 2014 on which the repayment commenced in 2015 (See Note 26). The revenue has been recognized in other income. Deferred Revenue is treated as a line item in the statement of financial position.

Movement in deferred revenue is analysed below:	₦	₦
Balance as at 1 January	92,225,683	-
Total deferred revenue arising from government grant	67,526,194	112,339,386
Amount unwind to other income	(48,476,899)	(20,113,703)
Balance as at 31 December	111,274,978	92,225,683

27 Trade and other payables

Trade payables	848,662,293	1,035,358,876
Other payables (Note 27 (a))	4,051,949,837	2,551,695,584
	4,900,612,130	3,587,054,460

a) Other payables

Advance from customers	2,605,149,988	1,110,626,304
Unclaimed dividend	170,650,831	70,794,934
Salaries and wages payable	696,375	506,842,285
Accruals (Note 27(a)(i))	441,283,706	131,189,489
Due to related parties (Note 27 (b))	131,406,472	199,208,132
Provision for Directors Terminal Benefits	107,835,210	54,829,410
Other payables – tax and social security payments(Note 27 (a)(ii))	594,927,255	478,205,030
	4,051,949,837	2,551,695,584

		2016	2015
I)	**Accruals**	₦	₦
	Audit fee payable	9,000,000	9,000,000
	Accrued expenses	430,126,503	118,872,806
	Others	2,157,203	3,316,683
		441,283,706	131,189,489
ii)	**Other payables – tax and social security payments**		
	Withholding tax payables	273,333,668	139,829,809
	Value added tax payable	162,269,430	187,658,308
	Pay As You Earn	54,158,467	36,875,453
	Industrial Trainning Fund	18,732,793	22,066,208
	Pension	86,432,897	91,775,252
		594,927,255	478,205,030
b)	**Due to related paries**		
	Damnaz Cement Company Limited	131,406,472	172,273,178
	NOM (UK) Limited	-	26,934,954
		131,406,472	199,208,132

28	**Income tax payable**	₦	₦
	Tax as per statement of financial position		
	Balance at the beginning of the year		
	Income tax	194,531,516	461,328,624
	Education tax	41,632,713	60,035,573
		236,164,229	521,364,197
	Payments during the year		
	Income tax	(194,531,516)	(461,328,624)
	Education tax	(41,632,713)	(60,035,573)
	Provision for the year		
	Income tax	259,185,793	194,531,516
	Education tax	45,680,527	41,632,713
	Balance at the end of the year	304,866,320	236,164,229

29	**Provisions**		
	Recultivation	₦	₦
	Balance as at 1 January	68,753,885	59,153,885
	Additional provisions made	9,600,000	9,600,000
	Amounts used during the year	(33,308,113)	-
	Balance as at 31 December	**45,045,772**	68,753,885

a) Recultivation provisions relates to expected cost of reclaiming excavated quarry sites (mines) into a habitable settlement for farming and local villagers settlement. It also include provision for other environmental issues. The expenditure is expected to be utilised at the end of the useful lives of the mines which is estimated to be between the years 2035 to 2040.

30 Contigent Liabilities, Guarantees and Financial Commitments

a) Contingent Liabilities

The company has been defending various litigations since 2005 which have been in the law court. The company has disclaimed liability. No provision in relation to this claim has been recognised in this financial statements as, legal advice indicates that it is not probable that a significant liability will arise from the legal suits. The following are the current legal suits pending in the law court:

i) Suit filed by Garvey Emeka Okongwu against CCNN Plc.
The claim was as a result of consultancy services rendered by the firm of Emeka Okogwu and Co.

ii) Suit filed by CCNN Plc against Abdullahi Abubakar & 405 Others.
The claim relates to arrears of cement allocations by erstwhile employees of the Company.

iii) Suit filed by Garba Giwa against CCNN Plc & 2 Others.
The claim relates to acquisition of some lands for expansion of the Company's quarry.

iv) Suit filed by CCNN Plc against Hon. Minister of Industry, Trade and Investment
The claim was in respect of the demand notice for payment for its weight instruments used by the Company as provided in the Weight and Measurement Act.

b) Guarantees

The Company did not charge any of its assets to secure liabilities of third parties.

C) Financial Commitments
As at reporting date, there are no financial commitments made by the company.

i) Operating Lease Commitments
The Company leases various retail outlets, offices and warehouses under noncancellable operating lease agreements. The lease terms are between 1 and 2 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	₦	₦
Not later than 1 year	2,305,823	66,652,977

31 **Related party transactions**

(a) Related parties include the Board of Directors, the Managing Director and their close family members and companies which are controlled by these individuals. Related parties also include Edo Cement Company Limited, BUA International Limited and NOM (UK) Limited.

(i) **Damnaz Cement Nig. Ltd**

Damnaz Cement Company Limited is a wholly - owned subsidiary of BUA International Limited through which BUA International Limited's investment of 50.72% in Cement Company of Northern Nigeria Plc is held. The company entered into various transactions with the related party, ranging from provision of technical services and knowhow, to expenses incured by the related company on behalf of Cement Company of Northern Nigeria Plc. The outstanding amount is from the various transactions entered with the related party.

(ii) **Edo Cement Company Ltd**

This is part of the BUA Group. A subsidiary wholly owned by BUA, Damnaz Cement Company Limited, owns 87% of the shares in this company. The company entered into various transactions with the related party, ranging from support services to expenses incurred by the related company on behalf of Cement Company of Northern Nigeria Plc. The oustanding amount is from the various transactions entered with the related party.

(iii) **BUA International Ltd**

This is the parent company of Damnaz Cement Nigeria Limited - (100% wholly owned), through which 50.72% of shares in Cement Company of Northern Nigeria Plc is held. Transactions with BUA International Limited during the year are stated in note 31 "b" and "c" .

(iv) **NOM (UK) Ltd**

This is a 100% owned subsidiary of BUA international. The company entered into various transactions with the related party, ranging from supplies of foreign spare parts to expenses incurred by the related company on behalf of Cement Company of Northern Nigeria Plc. The oustanding amount is from the various transactions entered with the related party.

(b) During the year, the Company made transactions to/from its related companies. The amount of outstanding balances at the year/period end are as follows:

Due from related entities	**₦**	**₦**
Edo Cement Company Ltd	-	10,617,951
BUA International Ltd	904,184,660	139,768,307
NOM (UK) Ltd	69,655,871	-
	973,840,531	**150,386,258**
Due to related entities		
Damnaz Cement Company Ltd	131,406,472	172,273,178
NOM (UK) Ltd	-	26,934,954
	131,406,472	**199,208,132**

(C) **Terms and conditions of transactions with related parties**

* Damnaz Cement Company Ltd provides technical support and management services to the company.
* They are entitled to 2.83% of net sales. The amount is payable quarterly. A total sum of ₦366,062,865 (other taxes inclusive) has been included in the profit or loss for the year (2015 - ₦403,422,553) as Technical Service Agreement fees.
* They are also paid management service agreement fees in total sum of ₦44,044,252 (2015 - ₦126,490,141).

* Damnaz Cement Company Ltd and BUA International Ltd were paid dividend in total sum of N66.20million during the year (2015: ₦231.70million).
* The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

For the year ended 31 December 2016, the Company recorded an impairment of receivables of N10,617,951 owed by a related party (2015: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

(d) **Key management personnel**

Key management personnel includes: members of the CCNN board of directors and CCNN Top executive management committee. Non-Executive directors are included in the definition of key management personnel as required by IAS 24 Related Party Disclosure. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercise control, joint control or significant influence. Close members of family are those family members who may be expected to influence, or be influenced by that person in their dealings with the company. They include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

	₦	₦
Salaries and short term benefits	82,076,540	70,281,339
Post-employment benefits, pension and medical benefits	13,865,284	12,166,282
	95,941,824	**82,447,621**

32 **Basic earnings per share**

Profit for the year	1,253,805,355	1,201,108,048
Number of shares	1,256,677,770	1,256,677,770
Earnings per share (kobo)	100	96

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Weighted number of ordinary shares for the purposes of diluted Earning per share	1,256,677,770	1,256,677,770
Diluted earnings per share	100	96

33 **Events after the reporting period**

No events or transactions have occurred since 31 December 2016 which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order not to make them misleading as to the financial position or results of operations at 31 December 2016.

34 **Regrouping of comparative year balances**

Comparative year balances have been regrouped in order to align with the current year presentation. The reclassification does not have effect on the result. The analysis of these regrouped balances are detailed below:

			As previously stated	Reclassified balance	As currently represented
i)	**Statement of profit or loss**		**2015**		**2015**
			₦	**₦**	**₦**
	Revenue		13,037,847,294	-	13,037,847,294
	Cost of sales	a	(9,080,237,862)	(105,199,908)	(9,185,437,770)
	Gross profit		3,957,609,432	(105,199,908)	3,852,409,524
	Other operating income	b	67,706,205	26,247,774	93,953,979
	Selling and distribution expenses		(113,901,048)	-	(113,901,048)
	Administrative expenses	a,c	(2,022,190,119)	66,967,166	(1,955,222,953)
	Profit from operation		1,889,224,470	(11,984,968)	1,877,239,502
	Finance income	b	122,863,057	(26,247,774)	96,615,283
	Finance expenses	c	(462,490,671)	38,232,741	(424,257,930)
	Profit before taxation		1,549,596,856	-	1,549,596,855
	Tax expense		(348,488,807)	-	(348,488,807)
	Profit after tax		1,201,108,049	-	1,201,108,048
					-

			As previously stated	Reclassified balance	As currently represented
ii)	**Statement of financial position**		**2015**		**2015**
	ASSETS		**₦**	**₦**	**₦**
	NON-CURRENT ASSETS				
	Property, plant and equipment		10,118,987,353	-	10,118,987,353
	Intangible asset		3,550,399	-	3,550,399
			10,122,537,752	-	10,122,537,752
	CURRENT ASSETS				
	Inventories	d	5,497,405,387	39,338,911	5,536,744,298
	Trade and other receivables	d,e	508,237,021	(25,315,911)	482,921,110
	Cash and cash equivalents	e	1,018,702,998	(14,023,000)	1,004,679,998
			7,024,345,406	-	7,024,345,406
	TOTAL ASSETS		17,146,883,158	-	17,146,883,158
	EQUITY AND LIABILITIES				
	EQUITY				
	Share capital		628,338,885	-	628,338,885
	Share premium	f	-	3,513,606,409	3,513,606,409
	Retained earnings	g	5,881,890,225	(60,191,001)	5,821,699,224
	Other reserves	f,g	3,634,539,135	(3,453,415,408)	181,123,727
			10,144,768,245	-	10,144,768,245

LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax liabilities		862,452,260	-	862,452,260
Long term borrowings		1,079,811,646	-	1,079,811,646
Deferred revenue		62,052,824	-	62,052,824
Employee benefit liability		783,721,000	-	783,721,000
Provision	h	-	68,753,885	68,753,885
		2,788,037,730	68,753,885	2,856,791,615
CURRENT LIABILITIES				
Trade and other payables		3,587,054,460	-	3,587,054,460
Short term borrowings		291,931,750	-	291,931,750
Deferred revenue		30,172,859	-	30,172,859
Current income tax payable		236,164,229	-	236,164,229
Provision	h	68,753,885	(68,753,885)	-
		4,214,077,183	(68,753,885)	4,145,323,298
Total Liabilities		7,002,114,913	-	7,002,114,913
TOTAL EQUITY AND LIABILITIES		17,146,883,158	-	17,146,883,158

Explanations of reclassification made are detailed below:

a) Prior year amounts have been regrouped in order to align with current year presentation. Direct cost expenses amounting to N105,199,908 was reclassified from Administrative expenses to Cost of sales. This does not have any impact on the result.

b) Balance amounting to N26,247,774 relating to foreign exchange gain on the Company's foreign currency balances with banks in Nigeria was reclassified from finance income to other income in order to align with current year presentation

c) Foreign exchange loss of N38,232,741 was regrouped from finance expenses to administrative expenses to align with current year's presentation

d) Good-in-transit amounting to N39,338,911 included in the trade and other receivables was regrouped to inventories in order to align with current year presentation.

e) Balance amounting to N14,023,000 relating to export negotiable instrument was regrouped from cash and cash equivalent to trade and other receivables in order to align with current year's presentation.

f) Share premium of N3,513,606,606,409 hitherto included in other reserves was reclassified from other reserves and presented as a line on the face of statement of financial position.

g) Balance amounting to N60,191,001 in respect of Reserve on actuarial valuation of defined benefit plan was regrouped from retained earnings to other reserves in order to align with current year's presentation.

h) Provision which was being presented under currrent liability was movement to non-current liabilities in order to align with current presentation.

35	Dividend paid and proposed	2016	2015
	Declared and paid during the year:	₦	₦
	Dividends on ordinary shares	125,667,777	439,837,218
	Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December):		
	Dividends on ordinary shares for 2016: Nil (2015: 10k per share)	-	125,667,777
	Dividend per share (Kobo)	-	10

36 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 15th March, 2017.

CEMENT COMPANY OF NORTHERN NIGERIA PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2016

OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED

	31 December 2016		31 December 2015	
	₦	%	₦	%
Revenue	14,087,553,499		13,037,847,294	
Other operating income	138,319,645		93,953,979	
	14,225,873,144		13,131,801,273	
Less: Bought-in-materials and services	(9,811,126,376)		(9,241,830,751)	
Value Added	4,414,746,768	100	3,889,970,522	100
Value Added as % of Revenue	31%		30%	
Applied as follows:				
To pay employees' salaries, wages and fringe benefits	1,971,371,900	45	1,727,649,186	44
To pay providers of funds:				
Finance expenses	132,722,933	3	96,615,283	2
Dividend	-	-	125,667,777	3
To provide for maintenance of assets	570,129,586	13	516,109,198	13
To pay taxes to government	486,716,994	11	348,488,807	9
Retained for the year	1,253,805,355	28	1,075,440,271	29
	4,414,746,768	100	3,889,970,522	100

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OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

	31 December 2016 ₦	31 December 2015 ₦	31 December 2014 ₦	31 December 2013 ₦	31 December 2012 ₦
Statement of Financial Position					
Assets					
Non-current assets	10,531,183,487	10,122,537,751	8,374,056,608	7,099,669,106	6,503,061,034
Current assets	9,499,038,529	7,024,345,407	7,405,955,548	7,958,806,666	7,738,594,389
Total assets	20,030,222,016	17,146,883,158	15,780,012,156	15,058,475,772	14,241,655,423
Liabilities					
Non-current liabilities	3,034,968,349	2,856,791,615	2,838,198,482	2,671,913,172	2,526,688,806
Current liabilities	5,501,981,823	4,145,323,298	3,496,155,259	4,101,943,600	5,091,528,630
Total liabilities	8,536,950,173	7,002,114,913	6,334,353,741	6,773,856,772	7,618,217,436
Net assets	11,493,271,843	10,144,768,245	9,445,658,415	8,284,619,000	6,623,437,987
Equity					
Share capital	628,338,885	628,338,885	628,338,885	628,338,885	628,338,885
Retained earnings	6,949,836,822	5,821,699,224	3,634,539,136	3,634,539,136	3,825,024,336
Other reserves	3,915,096,136	3,694,730,136	5,182,780,394	4,021,740,979	2,170,074,766
Total equity	11,493,271,843	10,144,768,245	9,445,658,415	8,284,619,000	6,623,437,987
INCOME STATEMENT					
Revenue	14,087,553,499	13,037,847,294	15,119,050,874	15,311,033,677	15,125,577,305
Profit Before Iname Taxes	1,740,522,349	1,549,596,856	2,476,771,561	2,105,835,392	1,086,466,140
Profit After Income Taxes	1,253,805,355	1,201,108,049	1,918,361,854	1,559,030,547	1,086,466,140
Per Share Data (50 kobo)					
Earnings - Basic	100	96	124	86	104
Earnings - Diluted	100	96	124	86	104
Dividend	10	35	70	-	45
Net Assets	9	8	659	527	478
Dividend Cover (Times)	10.0	2.7	1.8	-	2.3
Cement Deliveries (Tonnes)	**488,495**	**404,377**	**472,094**	**498,089**	**465,743**
Cement Production (Tonnes)	**485,799**	**395,438**	**468,662**	**500,561**	**462,242**

Note:

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

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

c) Dividend per share are based on dividend proposed and the number of issued and fully paid ordinary shares at the end of each financial year.