UAC of Nigeria Plc
Financial Statements for the year ended 31 December 2016

UAC of Nigeria Plc

Financial Highlights

	Group			Company		
	2016 N'000	2015 N'000	% change	2016 N'000	2015 N'000	% change
Revenue	84,606,570	73,771,244	15	912,307	820,655	11
Operating profit	8,072,354	7,395,089	9	1,513,419	2,481,100	(39)
Net finance (cost) / income	(1,387,220)	(1,449,473)	(4)	1,500,755	1,478,066	2
Share of net profit/loss of associates and joint venture using the equity method	1,089,747	1,787,461	(39)	-	-	-
Profit before tax	7,774,880	7,733,077	1	3,014,174	3,959,166	(24)
Income Tax Expense	(2,108,343)	(2,570,339)	(18)	(386,885)	(455,804)	(15)
Profit after tax for the year	5,666,538	5,162,738	10	2,627,290	3,503,362	(25)
Profit for the year	5,666,538	5,162,738	10	2,627,290	3,503,362	(25)
Other comprehensive income for the year net of tax	(112)	(3,004)	-	-	-	
Total comprehensive income for the year net of tax	5,666,426	5,159,734	10	2,627,290	3,503,362	(25)
Total Equity	76,465,540	74,142,024	3	22,291,514	21,585,089	3
Total equity and liabilities	138,229,559	128,655,328	7	29,481,890	27,572,156	7
Cash and Cash equivalents (excluding bank overdrafts)	9,545,585	9,212,399	4	4,250,546	3,431,237	24
Earnings per share (kobo) - Basic	195	155		137	182	
Dividend per share (kobo) - Proposed	100	100		100	100	
NSE quotation as at December 31 (kobo)	1,681	3,400		1,681	3,400	
Number of shares in issue ('000)	1,920,864	1,920,864		1,920,864	1,920,864	
Market capitalisation as at December 31 (N'000)	32,289,724	65,309,376		32,289,724	65,309,376	

UAC of Nigeria Plc
Index to the consolidated and Separate financial statements
for the period ended 31 December 2016

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of UAC of Nigeria Plc and its subsidiaries (the group) which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of UAC of Nigeria Plc and its subsidiaries as at 31 December 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and other independence requirements applicable to performing audits of UAC of Nigeria Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of UAC of Nigeria Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
Assessment of Goodwill impairment (Consolidated financial statements) The goodwill balance of ₦548.7 million, which principally relates to the acquisitions of Portland Paints & Product Nigeria Plc and Livestock Feeds Plc in 2013, is supported by an annual impairment review. No impairment charge has been recorded against these balances in the current financial year. The value in use assessment to support the continued carrying amount of goodwill involves the application of judgement about future business performance. Certain assumptions made by management in the impairment review are considered by the engagement team to be key areas of judgement, notably the forecast cash flows, the overall growth rates and the discount rates applied. The annual impairment test is significant to our audit because the balance involved is significant and the assessment process is complex and requires significant judgment. The disclosure of the significant inputs is set out in Note 13 Intangible assets and goodwill.	Our audit procedures include, amongst other, the following: We reviewed management's key assumptions used in the impairment model for goodwill to determine the value in use of the cash generating unit to ensure is in compliance with the requirements of *IAS 36 Impairment of Assets*. We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest Board approved budgets and confirming the mathematical accuracy of the underlying calculations. We also considered the accuracy of previous forecasts made by management. We obtained corroborating evidence regarding the carrying value of goodwill, and the related disclosures, through challenging: • Key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, and economic forecasts; and • The discount rates by independently estimating a range based on market data. We performed sensitivity analysis around these assumptions to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
Significant inventory write downs (Consolidated financial statements)	
During the year, inventory (being the assets under construction) was written down by ₦1.7 billion to its net realisable value following the review of all ongoing projects against the expected selling price. The net realisable value has been estimated using the comparison between the Capital expenditure Memorandums prepared for each project at the inception of the project with cost incurred to date and additional cost to complete each project. The determination of these costs requires the use of management's judgement, the use of estimates submitted by experts, estimations of inflation rates affecting prices of construction materials as well as estimations of the impact of exchange rates in sourcing materials necessary to complete the project. The disclosure of the impairment of the inventory is set out in Note 6(i) Other losses.	Our audit procedures include, amongst other, the following: • We compared the carrying value of inventory (Assets under construction) with the recoverable amount to ensure that these assets are carried at the lower of cost and Net realisable value. • We critically evaluate the calculations performed by management's internal and external experts (being the Engineers and Quantity surveyors involved on the projects) to assess their reasonableness. We use our understanding of similar projects and the industry, and our evaluation of any costs that have already been contracted for, to make this assessment. • We compared estimates made by the experts on projects completed in prior periods to the actuals achieved for these projects to determine whether the estimates were reasonable in the past. • We evaluated the level of competencies and expertise of the internal and external experts used to determine whether they are fit for purpose. • We recalculated the expected cash to be generated taking into consideration inflation rate, time value of money and other cost to be incurred to sell. • We also assessed the adequacy of the disclosures regarding the project losses in the consolidated financial statements to determine they were in accordance with IFRS.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Chairman's' Statement, Statement of Directors' Responsibility, Report of the Audit Committee, Value Added Statement and Five Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our Auditors' report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this Auditors' report, 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 Directors for the Consolidated and Separate Financial Statements

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

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

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and 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 Auditors' report to the related disclosures in the consolidated and separate 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 Auditors' report. However, future events or conditions may cause the group or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and the company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 directors 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.

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Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

in our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books; and

the Group and the Company's consolidated and separate statement of financial position and consolidated and separate statement of profit or loss and other comprehensive income are in agreement with the books of account.

Yusuf Aliu, FCA
FRC/2012/ICAN/00000000138
For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

31 March 2017

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0124874

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF UAC OF NIGERIA PLC

In compliance with Section 359 sub-section 6 of the Companies and Allied Matters Act (CAP C20), Laws of the Federation of Nigeria, 2004, we have reviewed the audited Financial Statements of the Company for the year ended 31st December, 2016 and report as follows:

(a) The accounting and reporting policies of the Group and the Company are consistent with legal requirements and agreed ethical practices.

(b) The scope and planning of the external audit are in our opinion adequate.

(c) The internal audit and internal control systems are adequate.

(d) The External Auditors' Management Letter was satisfactorily dealt with by the Management.

MR. OLABISI FAYOMBO ***FRC/2013/ICAN/00000002883***
CHAIRMAN OF THE COMMITTEE

Dated 28th day of March, 2017

MEMBERS OF THE COMMITTEE

Mr. Olabisi Fayombo	-	*Chairman*
Mr. Matthew Akinlade	-	*Member*
Mr. Nwosu Nnabike	-	*Member*
Mrs. Awuneba Ajumogobia	-	*Member*
Mr. Babatunde Kasali	-	*Member*
Dr. Umaru Alka	-	*Member*

SECRETARY
GODWIN A SAMUEL, Esq.,

UAC of Nigeria Plc

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31st December 2016

		The Group		The Company	
	Notes	**31 Dec 16 N'000**	**31 Dec 15 N'000 Re-presented**	**31 Dec 16 N'000**	**31 Dec 15 N'000**
Revenue	5	84,606,570	73,771,244	912,307	820,655
Cost of sales		(67,250,807)	(56,962,613)	-	-
Gross profit		**17,355,763**	**16,808,631**	**912,307**	**820,655**
Dividends Income		-	-	1,728,393	3,216,353
Other operating income	6	3,882,573	1,968,741	260,314	343,324
Selling and distribution expenses	7	(3,390,329)	(3,463,423)	-	-
Administrative expenses	7	(7,331,716)	(7,202,592)	(1,387,597)	(1,717,984)
Other operating losses	6(i)	(2,443,937)	(716,268)	-	(181,249)
Operating profit		**8,072,354**	**7,395,089**	**1,513,419**	**2,481,100**
Finance income	8	1,561,700	1,568,103	1,500,755	1,478,066
Finance cost	8	(2,948,920)	(3,017,576)	-	-
Net finance (cost) / income		(1,387,220)	(1,449,473)	1,500,755	1,478,066
Share of profit/loss of associates and joint venture using the equity method	17.3	1,089,747	1,787,461	-	-
Profit before tax		**7,774,880**	**7,733,077**	**3,014,174**	**3,959,166**
Income Tax Expense	9	(2,108,343)	(2,570,339)	(386,885)	(455,804)
Profit for the year		**5,666,538**	**5,162,738**	**2,627,290**	**3,503,362**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net changes in fair value of available-for-sale financial assets	16	(112)	(3,004)	-	-
Tax on other comprehensive income		-	-	-	-
Other comprehensive income for the period net of tax		(112)	(3,004)	-	-
Total comprehensive income for the period net of tax		**5,666,426**	**5,159,734**	**2,627,290**	**3,503,362**
Profit attributable to:					
Equity holders of the parent		3,750,748	2,983,494	2,627,290	3,503,362
Non controlling interests		1,915,790	2,179,245	-	-
		5,666,538	**5,162,738**	**2,627,290**	**3,503,362**
Total comprehensive income attributable to:					
Equity holders of the parent		3,750,691	2,981,781	2,627,290	3,503,362
Non controlling interests		1,915,735	2,177,953	-	-
		5,666,426	**5,159,734**	**2,627,290**	**3,503,362**
Earnings per share attributable to owners of the parent during the period (expressed in Naira per share):					
Basic Earnings Per Share	11	195	155	137	182
Diluted Earnings Per Share	11	195	155	137	182

i.) In line with IFRS 5, Warm Spring Waters Nigeria Ltd has been re-consolidated as it no longer meets the IFRS criteria for classification as held-for-sale.Comparative figures for 2015 were adjusted (*See Note 33*)

UAC of Nigeria Plc

Consolidated and Separate Statement of Financial Position
As at 31st December 2016

	Notes	The Group 31 Dec 16 N'000	The Group 31 Dec 15 N'000 Re-presented	The Group 31 Dec 14 N'000 Re-presented	The Company 31 Dec 16 N'000	The Company 31 Dec 15 N'000
Assets						
Non-current assets						
Property, plant and equipment	12	35,270,673	36,100,036	37,288,383	746,578	858,249
Intangible assets and goodwill	13	1,675,935	1,862,646	1,842,452	49,168	78,982
Investment property	14	19,870,234	20,035,327	19,924,421	3,032,200	2,984,600
Investments in associates and joint ventures	17	19,696,279	21,197,867	19,090,575	-	-
Available-for-sale financial assets	16	19,197	19,308	22,312	1,001	1,001
Investments in subsidiaries	15	-	-	-	11,759,874	11,641,051
Prepayment	20	13,402	10,789	25,032	-	-
Deferred tax asset	27	145,977	231,652	202,610	-	-
		76,691,696	79,457,625	78,395,786	15,588,821	15,563,883
Current assets						
Inventories	18	36,805,193	25,328,868	27,855,738	2,664	4,668
Trade and other receivables	20	15,187,085	14,656,437	16,001,084	9,639,859	8,572,367
Cash and Cash equivalents (excluding bank overdrafts)	21	9,545,585	9,212,399	8,108,053	4,250,546	3,431,237
		61,537,863	49,197,703	51,964,875	13,893,068	12,008,273
Total assets		**138,229,559**	**128,655,328**	**130,360,660**	**29,481,889**	**27,572,156**
Equity and Liabilities						
Ordinary share capital	28	960,432	960,432	960,432	960,432	960,432
Share premium	28	3,934,536	3,934,536	3,934,536	3,934,536	3,934,536
Contingency reserve	28	28,575	28,575	28,575	-	-
Available-for-sale reserve		(5,561)	(5,504)	(3,792)	-	-
Retained earnings		41,500,304	39,670,420	40,048,438	17,396,547	16,690,122
Equity attributable to equity holders of the Company		46,418,286	44,588,460	44,968,190	22,291,514	21,585,089
Non controlling interests		30,047,253	29,553,564	30,109,541	-	-
Total equity		**76,465,540**	**74,142,024**	**75,077,731**	**22,291,514**	**21,585,089**
Liabilities						
Non-current liabilities						
Borrowings	22	5,284,451	8,125,644	7,737,406	-	-
Deferred tax liabilities	27	4,791,901	5,048,083	5,568,609	198,965	212,433
Deferred revenue	24	4,600	15,751	214,085	-	-
Provisions	26	72,123	73,578	74,118	-	-
		10,153,075	13,263,055	13,594,219	198,965	212,433
Current liabilities						
Trade and other payables	23	17,919,261	15,850,886	14,566,679	815,791	629,248
Current income tax liabilities	9	4,885,789	4,749,821	4,481,335	2,355,689	2,277,742
Bank overdrafts and current portion of borrowings	22	24,747,848	17,522,548	20,557,739	-	-
Dividend payable	25	3,682,512	2,759,611	1,932,251	3,682,512	2,759,611
Deferred revenue	24	300,778	307,361	92,759	80,642	65,991
Provisions	26	74,757	60,023	57,947	56,777	42,043
		51,610,944	41,250,250	41,688,711	6,991,411	5,774,634
Total liabilities		**61,764,019**	**54,513,304**	**55,282,929**	**7,190,376**	**5,987,067**
Total equity and liabilities		**138,229,559**	**128,655,328**	**130,360,660**	**29,481,890**	**27,572,156**

i.) In line with IFRS 5, Warm Spring Waters Nigeria Ltd has been re-consolidated as it no longer meets the IFRS criteria for classification as held-for-sale.Comparative figures for 2015 were adjusted (*See Note 33*)

The financial statements and the notes on pages 5 to 49 were approved and authorised before issue by the board of directors on 29 March, 2017 and were signed on its behalf by:

Mr Larry E. Ettah **GMD/CEO** FRC/2013/IODN/00000002692

Mr. Abdul A. Bello **ED/CFO** FRC/2013/ICAN/0000000724

The notes on pages 5 to 49 are an integral part of these financial statements.

UAC of Nigeria Plc
Consolidated Statement of Changes in Equity
for the year ended 31st December 2016

The Group

	Notes	Share Capital N'000	Share Premium N'000	Contingency reserve N'000	Available for sale Reserve N'000	Retained Earnings N'000	Total N'000	Non controlling Interest N'000	Total N'000
		Attributable to owners of the Company							
Balance at 1 January 2015		**960,432**	**3,934,536**	**28,575**	**(3,792)**	**40,048,438**	**44,968,190**	**30,109,541**	**75,077,731**
Profit and loss		-	-	-	-	2,983,494	2,983,494	2,179,245	5,162,738
Other comprehensive income									
Net changes in fair value of available-for-sale financial assets	16	-	-	-	(1,712)	-	(1,712)	(1,292)	(3,004)
Transactions with Equity holders									
Dividends	10	-	-	-	-	(3,361,512)	(3,361,512)	(2,733,930)	(6,095,441)
Balance at 31 December 2015		**960,432**	**3,934,536**	**28,575**	**(5,504)**	**39,670,420**	**44,588,460**	**29,553,564**	**74,142,024**
Balance at 1 January 2016		**960,432**	**3,934,536**	**28,575**	**(5,504)**	**39,670,420**	**44,588,460**	**29,553,564**	**74,142,024**
Transfer to contigency reserve		-	-	-		-	-	-	-
Profit and loss		-	-	-	-	3,750,748	3,750,748	1,915,790	5,666,538
Other comprehensive income									
Net changes in fair value of available-for-sale financial assets	16	-	-	-	(57)	-	(57)	(55)	(112)
Transactions with Equity holders									
Dividends	10	-	-	-	-	(1,920,864)	(1,920,864)	(1,422,046)	(3,342,910)
Balance at 31 December 2016		**960,432**	**3,934,536**	**28,575**	**(5,561)**	**41,500,304**	**46,418,286**	**30,047,253**	**76,465,540**

Separate statement of changes in equity
for the year ended 31 December, 2016

	Notes	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	TOTAL N'000
		The Company Attributable to owners of the Company			
Balance at 1 January 2015		960,432	3,934,536	16,548,271	21,443,239
Profit and loss		-	-	3,503,362	3,503,362
Transactions with Equity holders					
Dividends paid	10	-	-	(3,361,512)	(3,361,512)
Balance at 31 December 2015		**960,432**	**3,934,536**	**16,690,122**	**21,585,089**
Balance at 1 January 2016		960,432	3,934,536	16,690,122	21,585,089
Profit and loss		-	-	2,627,290	2,627,290
Transactions with Equity holders					
Dividends	10	-	-	(1,920,864)	(1,920,864)
Balance at 31 December 2016		**960,432**	**3,934,536**	**17,396,547**	**22,291,514**

UAC of Nigeria Plc

Consolidated and Separate statement of cash flow
for the year ended 31st December 2016

	Notes	The Group 31 Dec 16 N'000	The Group 31 Dec 15 N'000	The Company 31 Dec 16 N'000	The Company 31 Dec 15 N'000
Cash flows from operating activities					
Cash generated from/(used in) operations	29	1,257,255	14,326,329	(338,546)	280,739
Corporate tax paid		(1,789,541)	(2,921,034)	(24,482)	(1,053,162)
VAT paid		(608,453)	(555,566)	(61,106)	(45,595)
Interest paid		(2,948,920)	(3,017,576)	-	-
Net cash flow (used in)/generated from operating activities		**(4,089,659)**	**7,832,154**	**(424,133)**	**(818,018)**
Cash flows from investing activities					
Interest received		1,561,700	1,568,103	1,500,755	1,478,066
Dividend received		-	-	1,728,393	3,216,353
Purchase of Intangible assets		(40,673)	(174,077)	(5,853)	(5,354)
Purchase of property, plant and equipment		(1,839,488)	(1,808,693)	(67,592)	(182,022)
Proceeds from sale of property, plant and equipment		652,219	313,001	11,627	11,169
Purchase of investment properties		(19,743)	(54,377)	(4,201)	(784)
Proceeds from sale of investment properties		2,125,050	276,365	110,000	35,000
Dividend from UPDC REIT		1,055,469	1,216,034	-	-
Recovery of previously impaired loan		10,000	130,000	10,000	130,000
Guaranty fees received		-	73,225	-	73,225
Net cash generated from investing activities		**3,504,533**	**1,539,580**	**3,283,130**	**4,755,653**
Cash flows from financing activities					
Dividends paid to non controlling interests		(1,422,046)	(2,733,930)	-	-
Dividends paid to Company shareholders		(1,920,864)	(3,361,512)	(1,920,864)	(3,361,512)
Proceeds from borrowings		33,616,190	10,356,759	-	-
Repayment of borrowings		(32,081,262)	(12,212,669)	-	
Acquisition of additional shares -Portland Paints Plc		(118,824)	-	(118,824)	-
Net cash flow used in financing activities		**(1,926,807)**	**(7,951,351)**	**(2,039,689)**	**(3,361,512)**
Net (decrease)/increase in cash & cash equivalents		(2,511,932)	1,420,383	819,307	576,123
Cash & cash equivalents at the beginning of the year		7,403,773	5,983,738	3,431,237	2,855,113
Effects of exchange rate changes on cash and cash equivalents.		4,107	(349)	-	-
Cash & cash equivalents at the end of the period after adjusting for bank overdraft	21(i)	4,895,948	7,403,773	4,250,546	3,431,237

1 Corporate information

The consolidated financial statements of UAC of Nigeria Plc ('the Company') and its subsidiaries (collectively, the Group) for the year ended 31st December 2016 were authorised for issue in accordance with a resolution of the Board of directors on 29th March 2017. UAC of Nigeria Plc. (the Company or the parent) is a limited company incorporated and domiciled in Nigeria and whose shares are publicly traded. The registered office is located at 1-5, Odunlami Street, Marina, Lagos.

The Group is a diversified business with activities in the following principal sectors: Foods & Beverages, Logistics, Real Estate and Paints. *(See Note 5)* .

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated and Separate financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale financial instruments that have been measured at fair value. The consolidated financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated. the consolidated financial statements provide comparative information in respect of the previous period.

The financial statements have been prepared on a going concern basis.

The policies set out below have been consistently applied to all the years presented.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group
The group has applied the following amendments to IFRS that have been issued and effective from 1 January, 2016. These are as follows:

IAS 1 Presentation of Financial Statements
The amendment to IAS 1 is designed to encourage entities to apply professional judgement in determining what information to disclose in the financial statements. The amendment clarifies that materiality applies to the whole financial statements and the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendment did not have a significant effect on the group financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment to IAS 16 and IAS 38 clarifies that the basis of calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset. The amendment further clarifies that revenue is generally presumed to be an inappropriate basis of measuring the consumption of economic benefits in such assets. The amendment did not have a significant effect on the group financial statements.

IAS 27 Separate Financial Statements
The amendment to IAS 27 allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment did not have a significant effect on the group financial statements.

IAS 34, 'Interim Financial Reporting
Amends IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report). This standard does not have any impact on this financial statement.

IFRS 5, 'Non-Current Asset Held for Sale and Discontinued Operations
This amends IFRS 5 with specific guidance on changes in disposal methods, for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases for which held for distribution accounting is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new disposal plan, rather it is a continuation of the original plan. This standard does not have any impact on this financial statement.

IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception
The Group has applied these amendments for the first time in the current year. The amendments clarify that the exemption from preparing consolidated and separate financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves. The application of these amendments has had no impact on the Group's consolidated and separate financial statements as the Group is not an investment entity.

(b) New standards, amendments and interpretations not yet adopted
A number of new annual improvements to IFRSs 2010 - 2012 cycles were effective for the first time for financial reporting periods commencing on or after 1 January 2017. However, none of the amended standards were adopted by the company in the period as they were not applicable in the preparation of the financial statements.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January, 2016 and have not been applied in preparing these consolidated financial statements. The list of these standards are as follows:
- IFRS 9, Financial Instruments - *Effective 1 January 2018*
- IFRS 15, Revenue from Contracts with Customers - *Effective 1 January 2018*
- IFRS 16, Leases - *Effective 1 January 2019*

The new standards or amendments to existing standards that may have an impact on the group's financial statements are as provided below:

IFRS 9 Financial Instruments - Effective 1 January 2018
IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. The standard further introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. The Group has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a material impact on the Group's financial statements. IFRS 9 is effective for periods beginning on or after 1 January 2018. The Group is currently in the process of assessing the impact that the initial application would have on its business and will adopt the standard for the year ending 31 December 2018

IFRS 15 Revenue from Contracts with Customers - Effective 1 January 2018
IFRS 15 replaces IAS 11 Construction Contracts and IAS 18 Revenue. The standard requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers. This 5 step methodology includes: identify contracts with customers; identify the separate performance obligations; determine the transaction price of the contract; allocate the transaction price to each of the separate performance obligations, and; recognise the revenue as each performance obligation is satisfied

Summary of significant accounting policies continued

Key Changes to current practice are: 1) Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must be generally allocated to the separate elements 2) Revenue may be recognised earlier than under current standards if the consideration varies for any reasons 3) The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of the contract may have to be recognised over the contract term and vise versa 4) There are new specific rules on licences, warranties, non-refundable upfront fees and consignment arrangements, to name a few
These accounting changes may have flow-on effects on the entitiy's business practices regarding systems, process and controls, compensation and bonus plans, contracts, tax planning and investor communications. The Group has assessed and evaluated the potential effect of this standard. Given the nature of the Group's operations, this standard is expected not to have a significant impact on the Group's financial statements. IFRS 15 is effective for periods beginning on or after 1 January 2018.

IFRS 16 Leases - Effective 1 January 2019
This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as required by IAS 17 and introduces a single lease accounting model. Applying that model, a lessee is required to recognise: - assets and liabilities for leases with a term of more than 12 months, unless the underlying assets is of low value; - depreciation of lease assets seperately from interest on lease liabilities in statement of profit or loss. For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases or finance leases, and to account for these two types of leases differently.

The Group is currently in the process of assessing the impact that the initial application would have on its business and will adopt the standard for the year ending 31 December 2019. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Disclosure Initiative (Amendments to IAS 7) - Effective 1 January 2017
The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. Entities are not required to present comparative information for earlier periods. The Group will adopt the amendments for the year ending 31 December 2017. The amendments are effective for annual periods beginning on or after 1 January 2017.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - Effective 1 January 2017
The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, assuming that the tax base remains at the original cost of the debt instrument, there is a temporary difference. The impact on the financial statements of an entity will depend on the entity's tax environment and how it currently accounts for deferred taxes.

The amendment is not expected to have any significant impact on the consolidated financial statements of the Group. The Group will adopt the amendments for the year ending 31 December 2017. The amendments are effective for annual periods beginning on or after 1 January 2017.

Classification and Measurement of Share-based Payment (Amendments to IFRS 2) - Effective 1 January 2018
The amendments clarify the following: 1. In estimating the fair value of a cash settled share based payment, the accounting for the effect of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments. 2. Where tax law or regulation

Statement of Cash Flows (Amendments to IAS 7) - Effective 1 January 2017
In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g.,gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017.
The Group is currently evaluating the impact.

Amendments to IFRS 2- Classification and measurement of share based payment transactions effective for annual periods beginning 1 January 2018
Measurement of cash-settled share-based payments –The amendments clarify that a cash-settled share-based payment is measured using the same approach as for equity-settled share based payments – i.e. the modified grant date method. Therefore in measuring the liability market and non-vesting conditions are taken into account in measuring its fair value and the number of awards to receive cash is adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions. The new requirements do not change the cumulative amount of expense that is ultimately recognized, because the total consideration for a cash-settled share based payment is still equal to the cash paid on settlement.

Classification of share-based payments settled net of tax withholdings – The Company may be obligated to collect or withhold tax related to a share-based payment, even though the tax obligation is often a liability of the employee and not the Company. The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.

The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier adoption permitted. Specific transaction provision apply. The directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the group's consolidated and separate financial statements as the Group does not have any cash-settled shared-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share based payments.

Summary of significant accounting policies continued

Amendments to IFRS 10, and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture

Measurement of cash-settled share-based payments –The amendments clarify that a cash-settled share-based payment is measured using the same approach as for equity-settled share based payments – i.e. the modified grant date method. Therefore in measuring the liability market and non-vesting conditions are taken into account in measuring its fair value and the number of awards to receive cash is adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions. The new requirements do not change the cumulative amount of expense that is ultimately recognized, because the total consideration for a cash-settled share based payment is still equal to the cash paid on settlement.

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of amendment has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods should such transactions arise.

2.2 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

(a) Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gain on loss arising from such remeasurement are recognised or as a change to other comprehensive income through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill is not amortised but tested on an annual basis for impairment. If Goodwill is assessed to be impaired, that impairment is not subsequently reversed.

All intra-group transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Summary of significant accounting policies continued

The Group's share of post-acquisition profit or loss is recognised in profit or los, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dillution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Naira (N), which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. 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 profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within "Other operating profit and (losses)"

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary financial assets measured at fair value in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;

(b) income and expenses for each profit or loss is translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions) and;

(c) all resulting exchange differences are recognised in other comprehensive income.

Summary of significant accounting policies continued

2.5 Property, plant and equipment

Land and buildings comprise mainly of factories and offices.
Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are classified as property, plant and equipment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Leasehold properties are depreciated over their useful lives, unless the lease period is shorter, in which case the lease period is used. Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

Freehold buildings	Up to 99 years
Leasehold buildings	Lease terms vary from 5 to 25 years
Heavy industrial plants	5 to 10 years
Furniture and office Equipments	3 to 5 years
Light industrial plants	2 to 5 years
Heavy vehicles	7 to 10 years
Light vehicles	4 to 6 years
Computer equipments	3 to 5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Impairment Note 2.8 for further detail).

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition or disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised within "Other (losses)/gains in the statement of profit or loss.

2.6 Intangible assets

(a) Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the
changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, and then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Summary of significant accounting policies continued

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to accounting policy on Computer Software below), all internally generated intangible assets are expensed as incurred.

The useful lives of intangible assets are either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the method are reviewed at each financial year end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively.

Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment either individually or at the cash-generating level. The useful lives are also reviewed each period to determine whether the indefinite life assessment continues to be supportable.If not, the change in useful life assessment to a finite life is accounted for prospectively.

(c) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software acquisition and development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed five years.

2.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise mainly of commercial projects constructed and acquired with the aim of leasing out to tenants.
Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The group makes use of internal and external valuation experts. Each property is valued by an external valuer annually.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments are not recognised in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16.

Summary of significant accounting policies continued

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 of disposed and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(b) Available - for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. These include investments in shares.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs, except for instruments carried at fair value through profit or loss which are recognised at fair value with transactions costs being expensed to profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or lass as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for sale equity instruments are recognised in the profit or loss as part of other income when the group's right to receive payments is established.

Summary of significant accounting policies continued

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or lass as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for sale equity instruments are recognised in the profit or loss as part of other income when the group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the 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.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The group 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 the 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.

Evidence of impairment may include indications that the receivables or a group of receivables are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisations and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.
In the case of trade receivables, allowance for impairment is made where there is evidence of a risk of non-payment taking into account ageing, previous experience and economic conditions.

For loans and other 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 consolidated income statement. If an asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets are impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through profit or loss. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through profit or loss.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Impairment is performed in accordance with the policy on impairment of financial assets 2.12(a). If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Summary of significant accounting policies continued

2.14 Cash, cash equivalents and bank overdrafts

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown with borrowings in current liabilities.

2.15 Borrowings

Interest-bearing bank loans and overdrafts are recorded at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis through 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.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. 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.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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.

2.18 Provisions

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

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

In a business combination, a contingent liability is measured initially at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the effect of discounting is material, provisions are discounted and 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. The increase in the provision due to passage of time is recognised as finance cost.

Summary of significant accounting policies continued

2.19 Share capital

Ordinary shares are classified as equity.
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.

2.2 Current and deferred income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

2.21 Employee benefits

(a) Defined Contribution schemes

The group has two defined contribution plans for its employees;
i) A statutory pension scheme and
ii) A gratuity scheme

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Summary of significant accounting policies continued

(i) Pension Scheme
The Pensions Reform Act of 2014 requires all companies to pay a minimum of 10% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees to a pension fund administrator.

The contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid.

(ii) Gratuity Scheme
Under the gratuity scheme, the group contributes on an annual basis a fixed percentage of the employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement.

(b) Profit-sharing and bonus plans

All full time staff are eligible to participate in the profit-sharing scheme. The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes and income from the provision of technical services, agreements and internal revenue which is eliminated on consolidation. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Group
(a) Sale of real estate

The group assesses whether the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress for each of its contracts to assess whether to treat these as the sale of goods or construction contracts.

At this stage all contracts are treated as sale of goods.

Revenue is recognised when significant risks and rewards have passed to the buyer, typically this is evidenced when the buyer is granted access to the properties. The granting of the legal title is an administrative matter that can have significant delays.

(b) Rental income

Revenue includes rental income and service charges and management charges from properties.
Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

(c) Food and beverages

Revenue arising from the sale of food and beverages represents sales of food items, livestock feeds, bottled water, fruit juices, ice-cream and Quick Service Restaurants.
Revenue for the sale of food and beverages is recognised when the risks and rewards associated with ownership are transferred to the buyer. Due to the short term nature of these transactions no significant judgements are required.

Franchise fees are recognised when services or conditions relating to the sale have been substantially performed or satisfied by the Franchisee.

(e) Paint

Revenue for the sale of paints and other decoratives is recognised when the risks and rewards associated with ownership are transferred to the buyer. Due to the short term nature of these transactions no significant judgements are required.

(f) Logistics

Revenue is recognised as the service is provided.
When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Summary of significant accounting policies continued

Company
(g) Management fees

Revenue for the company represents management fees charged to group entities for services provided such as legal/company secretarial and human resources support . Revenue is recognised as the services are completed.

(h) Dividend income

Dividend income is recognised once the right to receive payment has been established, which is generally when shareholders approve the dividend.

2.23 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Cash Dividend and Non-cash distribution to equity holders of the parent.

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. In respect of interim dividends these are recognised once paid.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2.25 Government Grant

Government Grants are recognised when there is reasonable assurance that the grant will be received and the company will comply with the conditions attaching to it.
Where a government grant is related to income, it is classified under the heading ‘other gains’ in the statement of comprehensive income. Where the grant is related to expenses, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

For government loans obtained at below market rates of interest and treated as government grants, the loan is recognised and measured in line with IAS 39 and any resulting difference between the measurement of the grant and the actual proceeds received is capitalised as deferred income. Where the grant is intended to assist in the acquisition of an asset, the deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

Grants related to non-monetary assets are stated at fair value. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Working with an external consultant,the Group is currently developing a risk management framework. At present, risk management functions are carried out by the individual business units.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US dollar as a result of importing key materials. Foreign exchange risk arises from future commercial transactions. There are limited exposures to recognised assets and liabilities and net investments in foreign operations.

The Group does not make use of derivatives to hedge its exposures. Although the Group has various measures to mitigate exposure to foreign exchange rate movement, over the long term however, permanaent changes in exchange rates will have an impact on profit. The Group monitors movement in the currency on an on-going basis.

The Group's concentration of foreign exchange risk is as follows:

GROUP			**31 December 2016**		
	Naira	USD	GBP	Others	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Trade and other receivables	12,386,072	-	-	-	12,386,072
Cash and short-term deposits	9,401,139	144,175	270	-	9,545,585
	21,787,211	**144,175**	**270**	**-**	**21,931,657**
Financial liabilities					
Long term borrowings	5,284,451	-	-	-	5,284,451
Commercial papers	20,098,211	-	-	-	20,098,211
Trade and other payables	16,572,781	-	-	-	16,572,781
Bank overdrafts	4,649,637	-	-	-	4,649,637
	46,605,081	**-**	**-**	**-**	**46,605,081**

GROUP			**31 December 2015**		
	Naira	USD	GBP	Others	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Trade and other receivables	13,167,980	-	-	-	13,167,980
Cash and short-term deposits	9,154,222	58,160	3	14	9,212,399
	22,322,201	**58,160**	**3**	**14**	**22,380,378**
Financial liabilities					
Long term borrowings	8,125,644	-	-	-	8,125,644
Commercial papers	15,713,922	-	-	-	15,713,922
Trade and other payables	14,884,447	-	-	-	14,884,447
Bank overdrafts	1,808,626	-	-	-	1,808,626
	40,532,638	**-**	**-**	**-**	**40,532,638**

	GROUP	
	31-Dec-16	**31-Dec-15**
	N'000	N'000
The total impact on profit if Naira was to decrease by 5% across currencies would be as follows:	3,849	3,933
The total impact on profit if Naira was to increase by 5% across currencies would be as follows:	(3,849)	(3,933)

Management considers a 5% shift in foreign currency exchange rate is appropriate to determine the sensitivity of Foreign currency denominated financial assets and liabilities vis a vis the Naira.

Financial risk factors continued

COMPANY	31 December 2016				
	Naira	USD	GBP	Others	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Available for sale investments	1,001	-	-	-	1,001
Trade and other receivables	9,214,621	-	-	-	9,214,621
Cash and short-term deposits	4,230,749	19,526	270	-	4,250,546
	13,446,371	**19,526**	**270**	**-**	**13,466,167**
Financial liabilities					
Trade and other payables	815,791	-	-	-	815,791
	815,791	**-**	**-**	**-**	**815,791**

COMPANY	31 December 2015				
	Naira	USD	GBP	Other	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Available for sale investments	1,001	-	-	-	1,001
Trade and other receivables	8,213,787	-	-	-	8,213,787
Cash and short-term deposits	3,390,928	40,293	2	14	3,431,237
	11,605,716	**40,293**	**2**	**14**	**11,646,026**
Financial liabilities					
Trade and other payables	629,248	-	-	-	629,248
	629,248	**-**	**-**	**-**	**629,248**

	COMPANY	
	31-Dec-16	**31-Dec-15**
	N'000	N'000
The total impact on profit if Naira was to decrease by 5% across currencies would be as follows:	1,492	2,060
The total impact on profit if Naira was to increase by 5% across currencies would be as follows:	(1,492)	(2,060)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated financial position as available-for-sale, these exposures are limited and as at 31 December 2016, there was no financial asset measured at fair value through profit or loss.

The Group is exposed to the commodity price risk of grains (maize, soya beans and wheat) due to seasonal trends and the availability of harvest produce. The Group does not hedge this risk and no commodity exchange exists within Nigeria. There are operational controls in place to monitor qualities and to ensure that adequate quantities are procured and stored in silos and warehouses in the harvest seasons for the gradual milling during the year.In case of local crop failure resulting in shortages, importation is are undertaken.

Sensitivity to price is immaterial

(iii) Cash flow and fair value interest rate risk

The group’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The individual boards of each business unit within the group set their own borrowing limits under Group guidance. No formal Group limit policy exists at this stage.

Group treasury monitors interest rate and borrowing exposures and weighted averages for the entire group on a monthly basis. This is analysed and reviewed by the board on a quarterly basis.

The Group's interest rate risk concentration is as follows:

	31 December 2016			
	Weighted average Interest rate	Interest bearing		Non-interest bearing
GROUP		Variable rate	Fixed rate	
	%	N'000	N'000	N'000
Financial assets				
Available for sale investments		-	-	-
Trade and other receivables		-	-	12,386,072
Cash and bank balances		-	-	861,217
Short-term deposits	15.31	-	8,684,368	-
		-	**8,684,368**	**13,247,289**
Financial liabilities				
Long term borrowings	10	-	25,382,663	-
Trade and other payables		-	-	16,572,781
Bank overdrafts	13.2	4,649,637	-	-
		4,649,637	**25,382,663**	**16,572,781**

Financial risk factors continued

GROUP	Weighted average Interest	31 December 2015 Interest bearing Variable rate	Fixed rate	Non-interest bearing
Financial assets				
Available for sale investments		-	-	-
Trade and other receivables		-	-	13,167,980
Cash and bank balances		-	-	1,407,997
Short-term deposits	15.57	-	7,804,402	-
		-	**7,804,402**	**14,575,977**
Financial liabilities				
Borrowings	11	-	23,839,565	-
Trade and other payables		-	-	14,884,447
Bank overdrafts	16.05	1,808,626	-	
		1,808,626	**23,839,565**	**14,884,447**

COMPANY	Weighted average Interest	31 December 2016 Interest bearing Variable rate	Fixed rate	Non-interest bearing
Financial assets				
Available for sale investments		-	-	1,001
Trade and other receivables		-	-	9,214,621
Cash and bank balances		-	-	67,217
Short-term deposits	15.75	-	4,183,329	-
		-	**4,183,329**	**9,282,838**
Financial liabilities				
Trade and other payables		-	-	815,791
Bank overdrafts		-	-	-
		-	**-**	**815,791**

COMPANY	Weighted average Interest	31 December 2015 Interest bearing Variable rate	Fixed rate	Non-interest bearing
Financial assets				
Available for sale investments		-	-	1,001
Trade and other receivables		-	-	8,213,787
Cash and bank balances		-	-	22,000
Short-term deposits	13.2	-	3,409,237	-
		-	**3,409,237**	**8,236,788**
Financial liabilities				
Borrowings		-	-	-
Trade and other payables		-	-	629,248
		-	**-**	**629,248**

	Group 31-Dec-16	Group 31-Dec-15
A 3% increase in interest rates would have the following impact on profit and	(139,489)	(54,259)

	Company 31-Dec-16	Company 31-Dec-15
A 3% increase in interest rates would have the following impact on profit and equity.	-	-

Management considers that a 3% shift in interest rate is reasonable as the interest rate has fluctuated by a maximum of 3% at December 2016.

(b) Credit risk

Credit risk is monitored on a Group basis, however it is managed at business unit level. Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents, accounts receivable and deposits with banks and financial institutions.

For banks and financial institutions, the Group utilises institutions that have manageable reputational risk but does not strictly monitor their formal ratings. In addition the group monitors its exposures with individual institutions and has internal limits to control maximum exposures. The Group does not maintain a minimum threshold for its investments based on credit rating. When considering investments the group compares the risk exposure to the returns provided by the institution.

Financial risk factors continued

Credit terms are set with customers based on past experiences, payment history and reputation of the customers.

Credit terms for manufacturing business units are short term, typically 30 days, for service driven units these range from 30 - 60 days.
Rental businesses collect amounts in advance to limit exposures.

Concentration of credit risk

31 December 2016

GROUP	Total gross amount	Neither past due nor impaired	Past due but not impaired	Impaired
Trade receivables	4,714,069	936,491	2,332,880	1,444,698
Other receivables	9,116,701	9,116,701	-	-
Cash and bank balances	861,217	861,217	-	-
Short term deposits	8,684,368	8,684,368	-	-
	23,376,354	**19,598,777**	**2,332,880**	**1,444,698**

31 December 2015

GROUP	Total gross amount	Neither past due nor impaired	Past due but not impaired	Impaired
Trade receivables	5,397,726	1,112,566	2,530,095	1,755,065
Other receivables	7,666,104	7,666,104	-	-
Cash and bank balances	1,407,997	1,407,997	-	-
Short term deposits	7,804,402	7,804,402	-	-
	22,276,229	**17,991,069**	**2,530,095**	**1,755,065**

31 December 2016

COMPANY	Total gross amount	Neither past due nor impaired	Past due but not impaired	Impaired
Trade receivables	-	-	-	-
Receivables from Group companies	9,167,137	9,167,137	-	-
Other receivables	47,483	47,483	-	-
Cash and bank balances	67,217	67,217	-	-
Short term deposits	4,183,329	4,183,329	-	-
	13,465,166	**13,465,166**	**-**	**-**

31 December 2015

COMPANY	Total gross amount	Neither past due nor impaired	Past due but not impaired	Impaired
Trade receivables	-	-	-	-
Receivables from Group companies	7,792,449	7,792,449	-	-
Other receivables	421,339	421,339	-	-
Cash and bank balances	22,000	22,000	-	-
Short term deposits	3,409,237	3,409,237	-	-
	11,645,025	**11,645,025**	**-**	**-**

Details of the credit quality of financial assets that are neither past due nor impaired are:

	GROUP		**COMPANY**	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Counter parties without external credit ratings				
Trade receivables				
Group 1	417,067	417,067	-	-
Group 2	195,204	195,204	-	-
Group 3	532,140	532,140	-	-
	1,144,411	**1,144,411**	**-**	**-**
Intergroup balances				
Group 1	-	-	-	-
Group 2	-	-	9,167,137	7,792,449
Group 3	-	-	-	-
	-	**-**	**9,167,137**	**7,792,449**
Cash and short term deposits				
Group 1	3,021,614	2,937,399	850,546	31,237
Group 2	-	-	-	-
Group 3	-	-	-	-
	3,021,614	**2,937,399**	**850,546**	**31,237**

The Group defines the ratings as follows:

Group 1 - These are balances with Blue Chip, Listed and other large entities with a low chance of default.
Group 2 - These are balances with small - medium sized entities with no history of defaults
Group 3 - These are balances with small - medium sized entities with a history of defaults or late payments.

The group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high economic standing. There are no credit ratings for financial instruments classified as "other receivables".

Financial risk factors continued

Counterparties with external credit ratings	GROUP 31-Dec-16	GROUP 31-Dec-15	COMPANY 31-Dec-16	COMPANY 31-Dec-15
Cash and Short term deposits				
AAA	4,096,584	30,000	-	-
AA-	238,514	320,000	-	-
A+	336,234	-	-	-
AA	-	-	-	-
A	715,100	2,082,000	1,492,000	1,492,000
A-	-	708,000	708,000	708,000
BBB+	1,960	150,000	-	-
BBB	744,048	2,985,000	1,200,000	1,200,000
BBB-	281,024	-	-	-
B+	50,906	-		-
B	59,602	-	-	-
B-	-	-	-	-
CCC	-	-	-	-
	6,523,971	**6,275,000**	**3,400,000**	**3,400,000**

External ratings were based on ratings according to Fitch Rating and Agusto & Co.
The Directors have assessed that there are no increased risk to the group's cash and short term deposits with banks that are rated less than an A as they have done proper due dilgence on these institutions and continuously monitor their performance. Also deposit with banks are insured by the Nigerian Deposit Insurance Corporation.

Details of the past due but not impaired assets are as follows:

	GROUP 31-Dec-16	GROUP 31-Dec-15	COMPANY 31-Dec-16	COMPANY 31-Dec-15
Trade receivables				
Past due by 1-30 days	1,952,829	2,150,044	-	-
Past due by 31-60 days	380,051	380,051	-	-
	2,332,880	**2,530,095**	**-**	**-**

Details of the impaired assets are as follows:

	GROUP 31-Dec-16	GROUP 31-Dec-15	COMPANY 31-Dec-16	COMPANY 31-Dec-15
Trade receivables				
Past due by 1-60 days	-	-	-	-
Past due by 61-180 days	1,011,288	1,228,546	-	-
Past due > 180 days	433,409	526,520	-	-
	1,444,698	**1,755,065**	**-**	**-**

Reconciliation of the allowance for impairment:

Trade receivables	GROUP 31-Dec-16	GROUP 31-Dec-15	COMPANY 31-Dec-16	COMPANY 31-Dec-15
At 1 January	1,755,065	1,680,892	-	-
Provision for receivables impairment	-	74,173	-	-
Receivables written off during the year	(310,367)	-	-	-
At 31 December	**1,444,698**	**1,755,065**	**-**	**-**

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The group also ensures that at all times the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Other than the major loans disclosed in note 21 to these annual financial statements which are contracted with various financial institutions, the group has no significant concentration of liquidity risk with any other single counter-party

Surplus cash is managed individually by the business units and monitored by the Group.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	GROUP			
At 31 December 2016	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings (excluding finance lease liabilities)	-	20,098,211	5,284,451	-
Trade and other payables	16,572,781	-	-	-
Bank overdrafts	-	4,649,637	-	-
	16,572,781	**24,747,848**	**5,284,451**	**-**

	GROUP			
At 31 December 2015	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings (excluding finance lease liabilities)	-	15,713,922	8,125,644	-
Trade and other payables	14,884,447	-	-	-
Bank overdrafts	-	1,808,626	-	-
	14,884,447	**17,522,548**	**8,125,644**	**-**

Financial risk factors continued

At 31 December 2016	COMPANY Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
Borrowings (excluding finance lease liabilities)	-	-	-	-
Finance lease liabilities	-	-	-	-
Trade and other payables	815,791	-	-	-
Bank overdrafts	-	-	-	-
	815,791	**-**	**-**	**-**

At 31 December 2015	COMPANY Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
Borrowings (excluding finance lease liabilities)	-	-	-	-
Finance lease liabilities	-	-	-	-
Liabilities associated with non-current assets held for sale	-	-	-	-
Trade and other payables	629,248	-	-	-
	629,248	**-**	**-**	**-**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as interest bearing debt capital divided by total equity. Interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated financial position). Total equity is calculated as 'equity' as shown in the consolidated statement of financial position including non controlling interest. The Group has a debt/equity threshhold of 0.6 times.

	31-Dec-16	31-Dec-15
Interest bearing debt	30,032,300	25,648,191
Total equity	76,465,540	74,142,024
Total capital	106,497,840	99,790,215
Gearing ratio	0.39	0.35

3.3 Fair value estimation

Financial instruments are normally held by the group until they close out in the normal course of business. Most of the fair values of the group's financial instruments approximate their carrying values. The maturity profile of short term liabilities fall due within 12 months. The maturity profile of lon-term liabilities, are as disclosed in note 22 of these annual financial statements.

Long-term and short-term borrowings are measured at amortised cost using the effective interest rate method and the carrying amounts approximate the fair value. Fair valuation of borrowings was done using the income approach. This approach entails a calculation of the present value of expected future cash flows. The fair value hierarchy for borrowings is level 3 *(see below table)*

Due to their short term nature, there are no significant differences between the carrying values and the fair values of financial assets and liabilities, except for intra-group loans at company level which are eliminated on consolidation.

There are no significant differences between the carrying values and the fair values of financial assets and liabilities, except for intra-group loans at company level which are eliminated on consolidation.

The table below sets out the classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are given below:

Level 1: Quoted prices in active markets for identical assets or liabilities, for identical assets or liabilities that the Group can access at the measurement date

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

The following table presents the Group's financial assets and liabilities that are not measured at fair value:

	GROUP 31/Dec/16 Carrying value	31/Dec/16 Fair value	31/Dec/15 Carrying value	31/Dec/15 Fair value
Assets				
Trade receivables	3,269,371	3,269,371	3,642,661	3,642,661
Receivables from Group companies	-	-	-	-
Cash and short-term deposits	9,545,585	9,545,585	9,212,399	9,212,399
	12,814,956	**12,814,956**	**12,855,059**	**12,855,059**
Liabilities				
Borrowings	5,284,451	5,284,451	8,125,644	8,125,644
Bank overdrafts and current portion of borrowings	24,747,848	24,747,848	17,522,548	17,522,548
Trade payables	4,897,420	4,897,420	5,985,972	5,985,972
	34,929,719	**34,929,719**	**31,634,164**	**31,634,164**

The fair value presented above was derived using the Discounted Cash Flow technique using largely unobservable inputs. This falls into the level 3 fair value measurement.

Fair value estimation continued

	Company 31/Dec/16 Carrying value	Fair value	31/Dec/15 Carrying value	Fair value
Assets				
Receivables from Group companies	9,167,137	9,167,137	7,792,449	7,792,449
Cash and short-term deposits	4,250,546	4,250,546	3,431,237	3,431,237
	13,417,683	**13,417,683**	**11,223,686**	**11,223,686**
Liabilities				
Trade payables	-	-	-	-
	-	-	-	-

3 Financial instruments by category

Group 31 Dec 2016

	Available for sale	Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	-	-	-
Trade and other receivables	-	12,386,072	-
Cash and short-term deposits	-	9,545,585	-
	-	**21,931,657**	**-**
Financial liabilities			
Long term borrowings	-	-	5,284,451
Current portion of long term borrowings	-	-	20,098,211
Trade and other payables	-	-	16,572,781
Bank overdrafts	-	-	4,649,637
	-	**-**	**46,605,081**

Group 31 Dec 2015

	Available for sale	Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	-	-	-
Trade and other receivables	-	13,167,980	-
Cash and short-term deposits	-	9,212,399	-
	-	**22,380,378**	**-**
Financial liabilities			
Long term borrowings	-	-	8,125,644
Current portion of long term borrowings	-	-	15,713,922
Trade and other payables	-	-	14,884,447
Bank overdrafts	-	-	1,808,626
	-	**-**	**40,532,638**

Company 31 Dec 2016

	Available for sale	Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	1,001	-	-
Trade and other receivables	-	9,214,621	-
Cash and short-term deposits	-	4,250,546	-
	1,001	**13,465,166**	**-**
Financial liabilities			
Trade and other payables	-	-	-
Bank overdrafts	-	-	815,791
	-	**-**	**815,791**

Company 31 Dec 2015

	Available for sale	Loans and receivables	Other financial liabilities
Financial assets			
Available for sale investments	1,001	-	-
Trade and other receivables	-	8,213,787	-
Cash and short-term deposits	-	3,431,237	-
	1,001	**11,645,025**	**-**
Financial liabilities			
Trade and other payables	-	-	-
Bank overdrafts	-	-	629,248
	-	**-**	**629,248**

The fair value of the Available for Sale Investments falls into the level 1 fair value measurement

4 Significant judgements and estimates

4.1 Significant estimates and sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Use of available information and the application of judgement are inherent in the formation of estimates. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Investment Property

The Group uses a combined approach of valuing investment properties using professionally qualified experts.
For breakdowns of the properties valued using each of this refer to Note 14.

Management makes use of a number of methods to assess the fair value of investment property:
- Open market value
- Direct market comparison approach
- Current replacement cost approach

For purposes of the fair value recognised in the financial statements the open market method is adopted. The Open market value method falls under the "market approach" as stipulated in IFRS 13

To obtain the open market value the following were considered:

- A willing buyer
- A willing seller
- The property is freely exposed to the market
- A reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market
- No account is to be taken of an additional bid by a special purchaser

b) Estimates of useful lives and residual values

The estimates of useful lives and residual values of PPE impact the annual depreciation charge.
The useful lives and residual values are based on management experience and the condition of the assets. Consideration is given to management's intended usage policy for the assets in the future and potential market prices of similar assets.

c) Impairment Testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use less cost of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact estimations and may require a material adjustment to the carrying value of intangible and tangible assets.

The group reviews and tests the carrying value of assets when events of changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occured, estimates are prepared for expected future cash flows for each group of assets. Expected future cashflows used to determine the value-in-use of intangible and tangible assets are inherently uncertain and could materially change over time.

d) Provisions

Provisions were raised and management determined a best estimate of amount based on the information available. Best estimates, being the amount that the group would rationally pay to settle the obligation, are recognised as provisions at the reporting date. Risks, uncertainties and future events, such as changes in law and technology, are taken into account by management in determining the best estimates. Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management estimation.

The group is required to record provisions for legal or constructive contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is, however, unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

e) Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

f) Allowance for uncollectible accounts receivable

Past experience indicates a reduced prospect of collecting debts over the age of two months. Trade receivable balances older than two months are regularly assessed by management and provided for at their discretion. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience based on the facts and circumstances prevailing as at reporting date. In addition, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management considers them to be uncollectable.

4.2 Significant judgements

a) Consolidation of UAC Property Development Company PLC (UPDC)

Although the Group only has a 46% investment in UPDC, it is treated as a subsidiary due to:
- the Group is able to appoint seven of the eight directors. This includes the Managing Director, Chairman and Finance Director; and
- the majority of the other shareholders are disparate and are not able to coordinate to block decisions of the Group.

Therefore, the Group has de facto control and consolidates UPDC.

b) Consolidation of CAP PLC

Although the Group only has a 50% investment in CAP, it is treated as a subsidiary due to:
- the Group is able to appoint all the directors. This includes the Managing Director, Chairman and Finance Director; and
- the majority of the other shareholders are disparate and are not able to coordinate to block decisions of the Group.

Therefore, the Group has de facto control and consolidates CAP.

c) Revenue recognition

Sale of constructed properties require detailed judgements. Each transaction is assessed to determine under IFRIC 15 whether revenue should be recognised when the significant risks and rewards pass to the buyer or over time as construction takes place. All of the projects in the periods presented were identified as being the sale of goods and therefore revenue was only recognised when the significant risks and rewards had passed.

The significant risks and rewards were identified as having passed when the buyer had taken possession or control of the properties. Transfer of legal title in the market is time consuming and is seen only as an administrative step and not as a pre-requisite for revenue recognition.

d) Investment in associate

In June 2013 , the company issued a Real Estate Investment Trust (REIT) of 3,000,000,000 units of N10 each which is listed on the stock exchange.
The company's planned subscription rate of the REIT was 40% and 60% to UPDC and the general public respectively. The REIT closed at a value of N26.7billion, with UPDC holding 62.4% while other investors held 37.6%.

The REIT is governed by a Trust Deed, administered by UBA Trustees Limited and First Trustees Limited. The documents of title to the properties are held by the Custodians, UBA Global Services Limited. The Fund is managed by FSDH Asset Management Limited (FSDH AM) while UPDC is the Property Manager.

Although the company has more than 50% investment in the REIT, it was not consolidated as a subsidiary because the company does not control the REIT. Control is exercised by the Investment Committee and comprise:

FSDH Asset Management Limited (Fund Managers)	- 2
UPDC (Sponsor of REIT & Property Manager)	- 2
UBA Trustees (Joint Trustees)	- 1
First Trustees (Joint Trustees)	- 1
Independent (Shareholders) of the REIT	- 3

5. Segment Analysis

The Group

The chief operating decision-maker has been identified as the Executive Committee (Exco), made up of the executive directors of the company. The Exco reviews the Group's internal reporting in order to assess performance and allocate resources.

Management has determined the operating segments based on these reports.

The Group has identified the following as segments:

Food and Beverage - Made up of business units involved in the manufacturing and sale of food items, livestock feeds, bottled water, fruit juices, ice-cream and quick service restaurants.

Paints - Made up of business units involved in the manufacturing and sale of paints products and other decoratives.

Logistics - Made up of a business unit involved in rendering logistics and supply chain services including warehousing, transportation and redistribution services.

Real Estate - Made up of a business unit involved in real estate development, management and owners of Golden Tulip Hotel, Festac, Lagos.

Others - These are non-reportable segments made up of two medium size entities within the group involved in pension fund administration services and the corporate head office.

The following measures are reviewed by Exco; with **Profit Before Tax** taken as the segment profit.

- Revenue to third parties
- Operating profit
- Profit before tax
- Property, plant and equipment
- Net assets
- EBIT Margin
- Return On Equity

31 December 2016	Food and Beverages N'000	Paints N'000	Logistics N'000	Real Estate N'000	Others N'000	Total N'000
Total Revenue	65,708,609	8,785,154	5,340,283	6,344,822	1,095,134	**87,274,002**
Intergroup revenue	(1,077,751)	(22,034)	(689,226)	(147,645)	(730,776)	**(2,667,432)**
Revenue to third parties	64,630,858	8,763,120	4,651,057	6,197,177	364,358	**84,606,570**
Operating profit	5,229,596	2,223,064	1,480,049	(672,196)	(188,159)	**8,072,354**
Impairment of investment & receivable in UPDC Metro City	-	-	-	(747,907)	-	**(747,907)**
Profit before tax	4,267,611	2,300,293	1,677,503	(1,783,124)	1,312,597	**7,774,880**
Share of profit of associates and joint venture	-	-	-	1,089,747	-	**1,089,747**
Property, plant and equipment	17,100,682	1,492,473	3,674,276	12,246,244	756,998	**35,270,673**
Net assets	19,125,107	2,979,675	5,445,232	34,024,115	14,891,411	**76,465,540**

31 December 2015	Food and Beverages N'000	Paints N'000	Logistics N'000	Real Estate N'000	Other N'000	Total N'000
Total Revenue	55,837,241	9,225,356	4,860,350	5,120,932	1,032,439	**76,076,318**
Intergroup revenue	(850,552)	(55,751)	(574,997)	(163,181)	(660,593)	**(2,305,074)**
Revenue to third parties	54,986,688	9,169,606	4,285,353	4,957,751	371,846	**73,771,244**
Operating profit	4,711,918	2,129,919	901,038	331,035	(678,821)	**7,395,089**
Impairment of UPDC's PPE in UHL	25,341	-	-	473,000	-	**498,341**
Profit before tax	3,614,920	2,237,511	1,025,550	55,851	799,245	**7,733,077**
Share of profit of associates and joint venture	-	-	-	1,787,461	-	**1,787,461**
Property, plant and equipment	17,619,660	1,255,241	3,724,555	12,630,875	869,706	**36,100,037**
Net assets	17,330,830	2,137,608	4,904,932	35,574,169	14,194,484	**74,142,024**

Entity wide information

Analysis of revenue by category:	31 Dec 2016 N'000	31 Dec 2015 N'000
Sale of goods	79,591,155	69,485,891
Revenue from services	5,015,415	4,285,353
	84,606,570	**73,771,244**

Analysis of revenue by geographical location:	31 Dec 2016 N'000	31 Dec 2015 N'000
Nigeria	84,593,231	73,744,052
Ivory Coast	13,339	27,192
	84,606,570	**73,771,244**

Concentration risk

The group is not exposed to any concentration risk, as there is no single customer with a contribution to revenue of more than 10%.

6. Other operating income

	The Group		The Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Profit on sales of Property,Plant and Equipment	352,297	170,053	3,083	-
Profit on sales of Investment Property	767,372	-	35,000	-
Warranty claim on Investment - Portland Paints	-	73,225	-	73,225
Net fair value Gain on investment properties	1,627,369	252,678	118,399	-
Guaranty fees	-	-	73,249	-
Recovery of previously impaired loan	10,000	130,000	10,000	130,000
Government grant*	222,515	228,520	-	-
Other income**	903,020	1,114,265	20,583	140,100
Total other operating income	**3,882,573**	**1,968,741**	**260,314**	**343,324**

***Government grant**

The government grant of **N223 million** (2015 : **N229 million**) relates to government facilities received by two entities – Livestock Feeds PLC and Portland Paints and Products Nigeria PLC, at below-market rates of interest. The facilities are meant to assist in the procurement of certain items of plant and machinery. In both entities, the grants are recognised as deferred income and amortised to profit or loss on a systematic basis over the useful life of the asset in line with their respective accounting policies.

****Other income**

Other income includes sales commission received on sales of third party properties, service charges and income from professional services, insurance claims, sales of scraps etc.

6(i). Other operating losses

	The Group		The Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Impairment of UPDC Hotel's Property,Plant & Equipment	-	(473,000)	-	-
Impairment of investment & receivable in UPDC Metro (JV)*	(747,907)	-	-	-
Loss on sales of Property,Plant and Equipment	(450)	(6,120)	-	(1,465)
Loss on sales of Investment Property	-	(57,365)	-	-
Net fair value loss on investment properties	-	(179,784)	-	(179,784)
Losses on completed projects**	(1,695,579)	-	-	-
Total other operating losses	**(2,443,937)**	**(716,268)**	**-**	**(181,249)**

i.) Impairment of Investment in UPDC Metro City Ltd*

The Group's share of loss of UPDC Metro City Ltd for the year exceeded the investment of N244.2 million. In line with IAS 28, the investment is deemed to be impaired and is written down to nil value.

ii.) Impairment of receivable in UPDC Metro City Ltd*

UPDC Metro City Ltd's receivable in the books is impaired after consideration for future recoverable balances.

****Losses on completed projects**

Losses on completed projects represents unrecoverable costs on projects (The Residences, Alexander Miller, Vintage Gardens and Pineville) completed as at the year end.

7(a) . Expenses by nature

	The Group		The Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Changes in inventories of finished goods and work in progress	58,577,753	49,497,749	-	-
Write off of inventories to net realisable value	112,150	-	-	-
Personnel expenses	7,724,934	7,384,811	603,575	687,547
Depreciation	2,383,288	2,348,533	170,719	160,259
Amortisation of intangibles	227,385	146,522	35,667	34,967
Impairment of Property,Plant and Equipment	-	498,341	-	-
Impairment of investment & receivables	747,907	-	-	-
(Recovery from)/allowance for receivables impairment	(310,367)	74,173	-	-
Royalty fees	116,642	101,362	-	-
Rents & Rates	532,017	415,804	16,528	17,413
Electricity & power	936,231	879,145	36,755	41,867
Vehicles repairs, maintenance & fueling	1,064,030	1,277,728	2,805	4,837
Other repairs & maintenance	917,193	817,436	36,557	47,347
Auditors' remuneration	179,680	186,435	23,000	23,000
Information Technology	368,135	278,767	18,362	24,660
Legal expenses	176,537	166,236	16,724	20,931
Donations & Subscriptions	74,259	44,507	12,900	14,942
Insurance	141,714	150,743	11,094	9,952
Back duty	450,288	348,548	-	348,548
Distribution expenses	1,563,436	736,827	-	-
Marketing, Advertising & Communication	918,583	1,188,636	36,332	29,304
Sundry office expenses	1,071,059	1,086,325	366,577	252,411
	77,972,852	67,628,628	1,387,597	1,717,984

7(b). Expenses by function

Analysed as:				
Cost of sales	67,250,807	56,962,613	-	-
Selling and distribution expenses	3,390,329	3,463,423	-	-
Administrative expenses	7,331,716	7,202,592	1,387,597	1,717,984
	77,972,852	67,628,628	1,387,597	1,717,984

	The Group		The Company	
Personnel expenses include:	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Wages, salaries and other short term benefits for staff and managers	6,734,729	6,490,293	365,313	482,548
Directors' emoluments	394,975	383,265	170,076	132,681
Post employment benefits:				
- Defined contribution plans	595,230	511,254	68,186	72,318
	7,724,934	**7,384,811**	**603,575**	**687,547**

7 (c). Particulars of directors and staff

(i) The group has in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	The Group		The Company	
	2016	2015	2016	2015
Costs	N'000	N'000	N'000	N'000
Key management personnel:				
Wages, salaries and other short term benefits	328,044	265,783	60,995	55,450
Post employment benefits:				
- Defined contribution plans	595,230	511,254	68,186	72,318
Total for key management personnel	**923,274**	**777,036**	**129,181**	**127,768**
Other management personnel	4,348,067	4,157,088	202,020	246,555
Staff	2,453,593	2,450,687	272,374	313,224
Total	**7,724,934**	**7,384,811**	**603,575**	**687,547**

	The Group	
	2016	2015
Numbers	Number	Number
Key management personnel	26	26
Other management personnel	642	738
Staff	1,315	1,523
Total	**1,983**	**2,287**
	N'000	N'000
Average cost per staff	3,896	3,229

(ii) The table below shows the number of employees (excluding directors), who earned over =N=100,000 as emoluments in the year and were within the bands stated.

	2016	2015
=N=	Number	Number
100001 - 300000	0	22
300001 - 500000	43	183
500001 - 700000	84	369
700001 - 900000	166	629
900001 - 1100000	253	205
1100001 - 1300000	382	232
1300001 - 1500000	194	110
1500001 and Above	861	537
	1,983	**2,287**

	2016	2015
(iii) Emoluments of directors	N'000	N'000
Fees	4,250	4,250
Other emoluments	165,826	128,431
	170,076	**132,681**
(iv) The Chairman's emolument.	17,548	14,455
(v) Emolument of the highest paid Director.	45,474	35,614

(vi) The table below shows the number of directors of the company, whose remuneration, excluding pension contributions, fell within the bands shown.

	2016	2015
=N=	Number	Number
100001 - 15000000	4	5
15000001 and above	4	3

8. Net finance income/(cost)

	The Group		The Company	
	31 Dec 2016 N'000	**31 Dec 2015 N'000**	**31 Dec 2016 N'000**	**31 Dec 2015 N'000**
Interest income on short-term bank deposits	1,561,700	1,568,103	1,500,755	1,478,066
Finance Income	**1,561,700**	**1,568,103**	**1,500,755**	**1,478,066**
Interest on bank loans	2,480,344	2,332,467	-	-
Interest on bank overdraft	221,438	478,065	-	-
Unwinding of discount (Note 26)	2,042	3,040	-	-
Government grant	245,095	204,005	-	-
Finance Costs	2,948,920	3,017,576	-	-
Net finance (cost) / income	**(1,387,220)**	**(1,449,473)**	**1,500,755**	**1,478,066**

9. Taxation

	The Group		The Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Current tax				
Nigeria corporation tax charge for the year	1,734,409	2,855,574	368,466	218,890
Education tax	155,856	184,253	26,758	24,482
Capital gains tax	474,260	51,039	5,128	-
Total current tax charge	2,364,525	3,090,866	400,353	243,372
Deferred tax				
Temporary differences, origination and reversal	(256,182)	(520,527)	(13,468)	212,432
Total deferred tax	**(256,182)**	**(520,527)**	**(13,468)**	**212,432**
Income tax expense	**2,108,343**	**2,570,339**	**386,885**	**455,804**

Nigeria corporation tax is calculated at 30% (2015: 30%) of the taxable profit for the period and education tax is calculated at 2% (2015: 2%) of assessable profit.

The tax charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	The Group		The Company	
	2016 N'000	2015 N'000	**2016 N'000**	2015 N'000
Profit before tax	**7,774,880**	7,733,077	**3,014,174**	3,959,166
Tax at the Nigeria corporation tax rate of 30% (2015: 30%)	2,332,464	2,319,923	904,252	1,187,750
Education tax	155,856	184,253	26,758	24,482
Capital gains tax	474,260	51,039	5,128	-
Back duty tax	450,288	348,548	-	348,548
Utilisation of previously unrecognised tax credits	(1,397,156)	(973,135)	(549,254)	(1,104,976)
Minimum tax adjustment	178,306	610,668	-	-
Deferred tax relating to prior periods	(85,675)	29,042	-	-
Tax charge for the year	**2,108,343**	**2,570,339**	**386,885**	**455,804**

Reconciliation of the tax payable account	The Group		The Company	
	2016	2015 N'000	**2016 N'000**	2015 N'000
Opening balance	4,749,821	4,481,335	2,277,742	3,087,532
Prior year over provision	(439,017)	-	(297,924)	-
Prior year under provision	-	98,654	-	-
Tax expense	2,364,525	3,090,866	400,353	243,372
Paid during the period	(1,789,541)	(2,921,034)	(24,482)	(1,053,162)
	4,885,789	**4,749,821**	**2,355,689**	**2,277,742**

10. Dividend

	The Company	
	2016	2015
Amounts recognised as distribution to ordinary shareholders in the year comprise:	**N'000**	N'000
Final dividend for the year ended 31 December 2015 paid in 2016 (2015: Final 2014 dividend paid in 2015)	1,920,864	3,361,512
Number of shares (000)	1,920,864	1,920,864
Dividends per share (kobo per share)	**100**	**175**

11. Earnings Per Share

(a) Basic
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	The Group		The Company	
	2016	2015	**2016**	2015
	N'000	N'000	**N'000**	N'000
Profit attributable to ordinary equity shareholders:				
Profit from continuing operations	3,750,748	2,983,494	2,627,290	3,503,362
Basic earnings per share				
From continuing operations	195	155	137	182
From profit for the period	195	155	137	182
Dilluted earnings per share				
From continuing operations	195	155	137	182
From profit for the period	195	155	137	182

	The Company	
	2016	2015
	Number	Number
Basic weighted average and Diluted weighted average number of shares (000)	**1,920,864**	1,920,864

(b) Diluted
Diluted earnings per share is the same as basic earnings per share because there is no potential ordinary shares during the period.

12. Property, plant and equipment

The Group

Cost:	**Leasehold land and buildings**	**Plant and Machinery**	**Computer Equipment**	**Motor Vehicles**	**Office Furniture**	**Capital Work in progress**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	24,339,363	18,223,752	539,954	4,786,976	2,753,307	2,616,027	53,259,380
Additions	83,516	223,173	85,929	288,011	80,955	1,047,110	1,808,693
Disposals	-	(455,805)	(17,599)	(768,833)	(90,420)	(3,735)	(1,336,392)
Transfers	-	3,238	(475)	(2,169)	8,019	(8,397)	216
Write Off	-	(1,413)	(1,609)	(206)	-	-	(3,228)
Reclassifications	743,408	(54,993)	373,198	201,304	(86,139)	(1,176,779)	-
Other reclassifications	-	285	533	5,510	210	-	6,537
At 31 December 2015	**25,166,287**	**17,938,237**	**979,930**	**4,510,594**	**2,665,931**	**2,474,226**	**53,735,206**
At 1 January 2016	25,166,287	17,938,237	979,930	4,510,594	2,665,931	2,474,226	53,735,206
Additions	142,760	464,786	78,393	379,775	44,591	729,184	1,839,488
Disposals	(141,694)	(396,992)	(6,514)	(630,456)	(33,937)	-	(1,209,593)
Write Off*	-	(20,002)	(5,217)	(20,003)	(3,705)	-	(48,926)
Reclassifications	205,510	238,261	8,474	70,875	916	(524,036)	0
Other reclassifications**	-	12,151	7,480	-	-	(93,807)	(74,176)
At 31 December 2016	**25,372,864**	**18,246,924**	**1,062,546**	**4,310,785**	**2,673,946**	**2,574,934**	**54,242,000**
Accumulated depreciation and impairment							
At 1 January 2015	2,762,013	7,483,936	343,042	3,349,759	2,046,952	-	15,985,701
Charge for the year	365,122	1,125,741	85,430	473,022	299,218	-	2,348,533
Impairment charge	453,173	37,233	12	117	7,806	-	498,341
Disposals	-	(449,359)	(16,641)	(651,596)	(79,494)	-	(1,197,090)
Transfers	-	-	(474)	(2,081)	-	-	(2,555)
Write Off	-	-	(24)	(21)	-	-	(45)
Reclassifications	194,474	(268,226)	210,394	(10,686)	(125,955)	-	-
Other reclassifications	(863)	77	433	2,468	171	-	2,286
At 31 December 2015	**3,773,918**	**7,929,402**	**622,173**	**3,160,981**	**2,148,697**	**-**	**17,635,171**
At 1 January 2016	3,773,918	7,929,402	622,173	3,160,981	2,148,697	-	17,635,171
Charge for the year	575,101	1,242,749	137,389	291,928	136,120	-	2,383,288
Disposals	(48,137)	(285,334)	(6,454)	(629,124)	(33,732)	-	(1,002,780)
Write Off*	-	(17,587)	(5,117)	(18,002)	(3,645)	-	(44,352)
At 31 December 2016	**4,300,882**	**8,869,229**	**747,991**	**2,805,783**	**2,247,441**	**-**	**18,971,327**
Net book values:							
At 31 December 2016	**21,071,982**	**9,377,695**	**314,555**	**1,505,001**	**426,506**	**2,574,934**	**35,270,673**
At 31 December 2015	**21,392,370**	**10,008,835**	**357,757**	**1,349,612**	**517,234**	**2,474,226**	**36,100,036**

*Assets written off include fully depreciated assets no longer in use and damaged assets identified during the period.
**Other reclassifications are assets that were transfered to/from PPE, to/from Intangible asset and Investment properties due to change in the use. Also, cost relating to SAP ERP implementation accumulated in PPE was transferred to intangible asset during the period.

The non-current assets are not pledged as security by the group.

12(i) Property, plant and equipment

The Company

Cost	**Leasehold land and buildings**	**Plant and Machinery**	**Computer Equipment**	**Motor Vehicles**	**Office Furniture**	**Capital Work in progress**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	516,850	545,151	66,811	238,434	53,000	-	1,420,245
Additions	25,480	-	42,402	92,775	3,482	17,884	182,022
Disposals	-	(3,720)	-	(87,498)	(127)	-	(91,344)
Transfers	-	-	(475)	(4,640)	-	-	(5,115)
Reclassifications	-	(307,673)	290,296	-	17,378	-	-
At 31 December 2015	**542,329**	**233,758**	**399,034**	**239,070**	**73,733**	**17,884**	**1,505,808**
At 1 January 2016	542,329	233,758	399,034	239,070	73,733	17,884	1,505,808
Additions	25,295	-	24,321	7,345	6,656	3,975	67,592
Disposals	-	(7,243)	(424)	(31,106)	(6,449)	-	(45,223)
Transfers*	-	-	(154)	(6,930)	-	-	(7,084)
Reclassifications**	9,410	-	8,474	-	-	(17,884)	-
At 31 December 2016	**577,034**	**226,515**	**431,251**	**208,378**	**73,940**	**3,975**	**1,521,094**

Accumulated depreciation and impairment

At 1 January 2015	123,879	227,684	-	128,193	47,980	-	527,736
Charge for the year	13,417	72,570	-	46,773	2,260	-	135,021
Disposals	-	(2,384)	25,238	(76,222)	(103)	-	(53,472)
Transfers	-	-	(474)	(2,081)	-	-	(2,555)
Reclassifications	-	(153,157)	142,442	-	10,715	-	-
At 31 December 2015	**137,296**	**144,713**	**208,036**	**96,662**	**60,851**	**-**	**647,558**
At 1 January 2016	137,296	144,713	208,036	96,662	60,851	-	647,558
Charge for the year	13,991	27,987	77,305	45,240	6,196	-	170,719
Disposals	-	(7,242)	(421)	(23,635)	(6,425)	-	(37,723)
Transfers*	-	-	(153)	(5,886)	-	-	(6,039)
At 31 December 2016	**151,288**	**165,458**	**284,767**	**112,381**	**60,622**	**-**	**774,515**
Net book values							
At 31 December 2016	**425,746**	**61,057**	**146,485**	**95,997**	**13,318**	**3,975**	**746,578**
At 31 December 2015	**405,033**	**89,045**	**190,999**	**142,407**	**12,881**	**17,884**	**858,249**

*Transfers relate to the value of assets transferred to subsidiaries.

The non-current assets are not pledged as security by the company.

13. Intangible assets and goodwill

	Group				Company	
Cost	Goodwill N'000	Brands & Trade Marks N'000	Software N'000	Total N'000	Software N'000	Total N'000
At 1 January 2015	548,747	1,070,185	905,788	2,524,720	168,590	**168,590**
Additions - externally acquired during the year	-	-	174,077	174,077	5,354	**5,354**
Transfer from PPE	-	-	(7,362)	(7,362)	-	-
At 31 December 2015	**548,747**	**1,070,185**	**1,072,503**	**2,691,435**	**173,944**	**173,944**
At 1 January 2016	548,747	1,070,185	1,072,503	2,691,435	173,944	**173,944**
Additions - externally acquired during the year	-	-	40,673	40,673	5,853	**5,853**
At 31 December 2016	**548,747**	**1,070,185**	**1,113,175**	**2,732,108**	**179,797**	**179,797**
Accumulated amortisation and impairment						
At 31 December 2015	-	288,439	393,828	682,268	59,995	**59,995**
Amortisation for the year	-	-	146,521	146,521	34,967	**34,967**
At 31 December 2015	**-**	**288,439**	**540,349**	**828,788**	**94,962**	**94,962**
At 1 January 2016	-	288,439	540,349	828,788	94,962	**94,962**
Amortisation for the period	-	-	227,385	227,385	35,667	**35,667**
At 31 December 2016	**-**	**288,439**	**767,734**	**1,056,173**	**130,629**	**130,629**
Net book values						
At 31 December 2016	**548,747**	**781,746**	**345,442**	**1,675,935**	**49,168**	**49,168**
At 31 December 2015	**548,747**	**781,746**	**532,154**	**1,862,646**	**78,982**	**78,982**

Impairment Test for Goodwill

Goodwill acquired through business combination is allocated to each of the Cash-Generating Unit (CGU) that are expected to benefit from the synergies of the combination. For the purpose of allocation, the individual entities were regarded as single cash generating unit.

The following is a summary of goodwill allocation for each operating segment:

2016	Opening N'000	Addition N'000	Disposal N'000	Impairment N'000	Other Adjustments N'000	Closing N'000
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
	548,747	**-**	**-**	**-**	**-**	**548,747**

2015	Opening N'000	Addition N'000	Disposal N'000	Impairment N'000	Other Adjustments N'000	Closing N'000
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
	548,747	**-**	**-**	**-**	**-**	**548,747**

The company performed its annual impairment test on November 29 2016. The company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2016, the market capitalisation of the Company was above the book value of its equity.

Foods and Beverage CGU under Livestock Feeds

The recoverable amount of Food and Beverage which is the only segment under Livestock Feeds CGU is ₦5.2 billion as at 31 December 2016, it has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 16.47%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from UACN specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use exceeds the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment charged as at 31 December 2016.

Paints CUG under Portland Paints

The recoverable amount of Paints which is the only segment under Portland Paints CGU is ₦1.529 billion as at 31 December 2016, it has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 14.8%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from UACN specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection was 15% for the years 2016 – 2020 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use exceed the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment charged as at 31 December 2016.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for Livestock Feeds and Portland Paints CGUs is most sensitive to the following assumptions:

• Gross margins growth rates
• Discount rates
• Growth rates used to extrapolate cash flows beyond the forecast period

Gross margins growth rates - Gross margins growth rates are based on expected effeciency gains resulting from improved inventory management systems in both entities. The forecast gross margin growth rates amounted to Compound Annual Growth Rates (CAGR) of 16% and 14% for Livestock Feeds and Portland Paints respectively.

Decreased demand can lead to a decline in the gross margin growth rates. A decrease in the Gross Margin CAGR of 1% would result in impairment in Livestock Feeds CGU, while a decrease in the Gross Margin CAGR of 3% would result in impairment in Portland Paint CGU.

13. Intangible assets and goodwill - Continued

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

The WACC takes into account equity. The cost of equity is derived from the expected return on investment by the Company's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in the pre-tax discount rate to 30.0% and 16.0% (i.e. +13.59% and +1.2%) in Livestock Feeds CGU and Portland Paint CGU respectively would result in impairment.

Growth rate estimates – Subjective estimates based on Market trends

Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of 5.5% for Portland Paints CGU and 5.3% for Livestock Feeds CGU. A reduction of 1.3% in the long-term growth rate in Livestock Feeds CGU would result in impairment while a reduction of 7.5% in the long term growth rate in Portland Paints CGU would result in impairment.

Other Intangible Assets - Software represents the Group's investment on license and technical agreement for its accounting and operations software. It is being amortised to the income statement over a period of five years, in accordance with the Group's policy.

The Group acquired trademark of N49 million through its business combination with Portland Paints. Portland Paints purchased the trademark from Blue Circle Industries Plc for the company's decorative paints' business. The intangible asset has been adjudged to have an indefinite life span. It was tested for impairment on 1st December and no impairment was deemed required. In carrying out the impairment test, the company conducted a "value-in-use" fair valuation exercise of the asset by applying the "Relief From Royalty" methodology, using a 5 year Cash Flow Forecast for the asset specific revenue, a Royalty Rate of 3% and a Weighted Average Cost of Capital (or Discount Rate) of 17.5%. The recoverable amount of the asset was estimated at N355.6 million as against the carrying amount of N49 million, thereby resulting in a nil impairment for the asset.

14. Investment property

	The Group			The Company		
Fair value	**Freehold building N'000**	**Leasehold building N'000**	**Total investment properties N'000**	**Freehold building N'000**	**Leasehold building N'000**	**Total investment properties N'000**
At 1 January 2015	708,898	19,215,524	19,924,422	-	3,198,600	3,198,600
Additions during the year	-	54,377	54,377	-	784	784
Reclassification from property stocks held as inventories (Note 19)	-	260,000	260,000	-	-	-
Disposals	-	(276,365)	(276,365)	-	(35,000)	(35,000)
Net gain/(loss) from fair value adjustments on investment property	11,837	61,056	72,893	-	(179,784)	(179,784)
At 31 December 2015	**720,735**	**19,314,592**	**20,035,327**	**-**	**2,984,600**	**2,984,600**
At 1 January 2016	720,735	19,314,592	20,035,327	-	2,984,600	2,984,600
Additions during the period	-	19,743	19,743	-	4,201	4,201
Reclassification from property stocks held as inventories (Note 18)	-	312,845	312,845	-	-	-
Disposals	-	(2,125,050)	(2,125,050)	-	(75,000)	(75,000)
Net gain from fair value adjustments on investment property	-	1,627,369	1,627,369	-	118,399	118,399
At 31 December 2016	**720,735**	**19,149,499**	**19,870,234**	**-**	**3,032,200**	**3,032,200**

Fair value of investment properties is categorised as follows:

	The Group			The Company		
31-Dec-16	**Freehold building N'000**	**Leasehold building N'000**	**Total investment properties N'000**	**Freehold building N'000**	**Leasehold building N'000**	**Total investment properties N'000**
External valuation	720,735	19,149,499	19,870,234	-	3,032,200	3,032,200
	720,735	19,149,499	19,870,234	-	3,032,200	3,032,200

Fair value of investment properties is categorised as follows:

	The Group			The Company		
31-Dec-15	**Freehold building N'000**	**Leasehold building N'000**	**Total investment properties N'000**	**Freehold building N'000**	**Leasehold building N'000**	**Total investment properties N'000**
External valuation	720,735	19,314,592	20,035,327	-	2,984,600	2,984,600
	720,735	19,314,592	20,035,327	-	2,984,600	2,984,600

The Group's investment properties were revalued at 31 December 2016 by an independent professionally qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and categories of the investment properties valued. The latest valuation was performed by the external Surveyor- Messrs Steve Akhigbemidu & Co. (FRC/2013/NIESV/000000001442).

Internal and inter-group valuation are performed by UAC Property Development Company Plc who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties valued.

	The Group		The Company	
Rental income schedule	**31 Dec 2016 N'000**	**31 Dec 2015 N'000**	**31 Dec 2016 N'000**	**31 Dec 2015 N'000**
Rental income derived from investment properties	648,421	608,676	87,461	78,405
Direct operating expenses (including repairs and maintenance) on investment property generating rental income	(77,340)	(67,022)	(13,282)	(19,322)
Profit arising from investment properties carried at fair value	**571,081**	**541,654**	**74,179**	**59,083**

Operating lease commitments - Group and Company as leasors

UAC as lessor enters into operating leases for its investment properties under non-cancellable basis, as the lessee does not have the power to cancel the contract without the permission of the lessor. The tenure of the lease arrangements vary, but typically range between one year and five years. The group as lessor does not have any lease arrangements under finance lease basis it does not typically transfer substantially all the risks and rewards incidental to ownership of leased assets to the lessee. All leased assets under operating leases as classified as Investment Properties and faired valued annually based on the group's accounting policy and in line with the requirements of IAS 40"

Future minimum rentals receivable under non-cancellable operating leases as at 31st December are, as follows :

	The Group		The Company	
	2016 N'000	**2015 N'000**	**2016 N'000**	**2015 N'000**
0-1 year	295,080	315,515	74,944	74,145
1-5 years	339,407	424,702	334,807	408,951
Above 5 years	-	-	-	-
Total	**634,487**	**740,217**	**409,751**	**483,096**

"The minimum lease payments under non-cancellable operating leases in aggregate is N634 million (N740 million: 2015), of which approximately N295 million (2015: N316 million) is expected within one year and N339 million (2015: N425 million) within the next one to five years. The group has not recognised any contingent rents in income for the years ended December 31 2016 and 2015.

15. Investments in subsidiaries

Company

	31 Dec 2016	31 Dec 2015
	N'000	N'000
Opening balance	11,641,051	11,641,051
Additions - Additional 7.5% acquisition in Portland Paints Plc	118,824	-
Closing Balance	**11,759,874**	**11,641,051**

	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	% ownership	% ownership
Quoted shares:				
Chemical and Allied Products Plc 350,652,700 ordinary shares of 50k each	114,461	114,461	50.18	50.18
UACN Property Development Company Plc 790,625,000,000 ordinary shares of 50k each	2,222,209	2,222,209	46.00	46.00
Livestock Feeds Plc 1,020,100,000 ordinary shares of 50k each	1,304,372	1,304,372	51.00	51.00
Portland Paints Plc 288,821,125 ordinary shares of 50k each	1,278,248	1,159,424	72.20	64.70
Unquoted shares:				
Warm Spring Waters Nigeria Limited 447,214,457 ordinary shares of N1 each	46,475	46,475	75.94	75.94
Grand Cereals Limited 876,555,000 ordinary shares of N1 each	2,247,333	2,247,333	64.93	64.93
UNICO CPFA Limited 130,005,000 ordinary shares of N1 each	130,000	130,000	86.67	86.67
UAC Foods Limited 102,000,000 ordinary shares of 50k each	2,414,414	2,414,414	51.00	51.00
MDS Logistics Ltd 51,000,000 ordinary shares of 50k each	1,861,233	1,861,234	51.00	51.00
UAC Restaurants Limited 510,000 ordinary shares of N1 each	141,130	141,130	51.00	51.00
	11,759,874	**11,641,051**		

Investments in subsidiaries are measured at cost

16. Available for Sale financial assets

The details and carrying amount of available for sale financial assets are as follows:

	The Group 2016	2015	The Company 2016	2015
	N'000	N'000	N'000	N'000
Opening Balance as at 1 January	19,308	22,312	1,001	1,001
Fair value Loss on available-for-sale financial assets	(112)	(3,004)	-	-
	19,197	**19,308**	**1,001**	**1,001**

Available for sale financial assets represent investment in quoted shares in the following Companies: First Bank of Nigeria Ltd, United Bank for Africa Plc, Zenith Bank Plc, Africa Prudential Registrars Plc and UBA Capital Plc.

17. Investments in associates and equity accounted joint ventures

	The Group 2016	2015	The Company 2016	2015
	N'000	N'000	N'000	N'000
Associate				
UPDC's Investment in UPDC REIT	19,214,990	19,109,799	-	-
Joint Ventures				
UPDC Metro City Limited	-	244,170	-	-
First Festival Mall Limited	407,683	234,427	-	-
James Pinnock*	-	1,535,865	-	-
Transit Village Dev. Co. Ltd**	73,606	73,606	-	-
At 31 December	**19,696,279**	**21,197,867**	**-**	**-**

*James Pinnock was reclassified as Joint operation during the year as a result of modification to the arrangement. This had the accounting implication of recognising the company's interest in the assets, liabilities,revenue and expenses of the operation

** Transit Village JV is not yet operational. The company's investment represents the seed capital contributed towards acquiring the land for the project.

17.1 Investments in Associate

Investments in Associate above represents UPDC's investment in REIT as at 31st December 2016. The associate as stated above have share capital consisting solely of ordinary shares, which are directly held by the group. The country of incorporation or registration is also their principal place of business.

The UPDC Real Estate Investment Trust (REIT) is a close-ended real estate investment trust which is listed on the Nigerian Stock Exchange. As at 31 December 2016, the fair value of each unit holders' contribution in UPDC REIT is N10.

The movement in the investment in associate during the year is stated below:

	2016	2015
	N'000	N'000
At 1 January	19,109,799	18,538,371
Share of profit (Note 17.3)	1,160,660	1,787,462
Distribution received	(1,055,469)	(1,216,034)
At 31 December	**19,214,990**	**19,109,799**

17.2 Investments in Joint Ventures

All joint ventures are primarily set up for projects. The investments in Joint Venture were measured at cost.

The movement in the investment in joint ventures during the year is stated below:

	2016	2015
	N'000	N'000
At 1 January	2,088,068	2,088,068
Share of profit of First Festival Mall Limited (Note 17.3)	173,256	-
Impairment of investment in UPDC Metro City Limited (Note 17.3)	(244,170)	-
Reclassification of investment in James Pinnock to Property Under Construction	(1,535,865)	-
At 31 December	**481,289**	**2,088,068**

Set out below are the summarised financial information for the associates and joint ventures accounted for using the equity method.

Name	Country of incorporation	Non current assets	Current assets	Non current liabilities	Current liabilities	Cash & Cash Equivalent	Net Asset	Carrying value	% Interest held
31 Dec 2016		N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Associate									
UPDC REITS	Nigeria	23,573,230	8,809,531	-	1,138,875	7,307	31,243,886	19,214,990	61.5%
Joint Ventures									
First Festival Mall Limited	Nigeria	11,811,778	728,097	10,518,184	1,116,196	242,937	905,495	407,683	45%
First Restoration Dev. Coy Limited	Nigeria	-	787,492	950,331	162,516	8,317	(284,910)	-	51%
Pinnacle Apartment Dev. Limited	Nigeria	-	2,243,746	-	1,868,482	162,918,013	375,264	-	51%
Calabar Golf Estate Limited	Nigeria	-	1,199,684	-	1,325,837	-	(126,153)	-	51%
UPDC Metrocity Ltd	Nigeria	1,867,664	1,771,587	2,306,044	3,315,759	-	(1,982,551)	-	60%
Transit Village	Nigeria	136,010	-	-	-	-	-	73,606	40%

	Country of incorporation	Non current assets	Current assets	Non current liabilities	Current liabilities	Cash & Cash Equivalent	Net Asset	Carrying value	% Interest held
31 Dec 2015		N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Associate									
UPDC REITS	Nigeria	25,003,035	7,489,357	1,754,718	64,460	2,799,647	30,923,416	19,109,799	61.5%
Joint Ventures									
First Festival Mall Limited	Nigeria	8,545,169	357,850	-	5,430,020	184,702	3,472,999	234,427	45%
First Restoration Dev. Coy Limited	Nigeria	1,456,070	53,758	305,325	1,204,503	53,758	-	-	51%
Pinnacle Apartment Dev. Limited	Nigeria	3,315,484	113,951	650,000	2,779,436	113,951	-	-	51%
Calabar Golf Estate Limited	Nigeria	1,293,112	-	775,000	518,112	-	-	-	51%
UPDC Metrocity Ltd	Nigeria	9,648,564	21,087	-	6,956,658	21,087	2,712,993	244,170	60%
James Pinnock	Nigeria	2,450,912	2,558,818	1,998,230	-	-	3,011,500	1,535,865	51%
Transit Village	Nigeria	136,010	-	-	-	-	-	73,606	40%

Investments in associates and Joint Ventures are measured at cost.

The associate and joint venture companies noted above are Special Purpose Vehicles (SPVs) set up between UPDC and other parties (including land owners, private equity firms and other financiers) for real estate development. UPDC has equity contributions in First First Festival Mall Limited, UPDC Metro City Limited, James Pinnock Place and Transit Village as designated. The company had no commitment or contingent liabilities to the associate and joint ventures as at December 31, 2016, beyond the equity contributions held and outstanding working capital advances.

UPDC has no direct equity contribution in the Pinnacle Apartments Development Ltd, First Restoration Development Co. Ltd and Calabar Golf Estate Ltd. These three SPVs have nominal share capital designated for the purpose of profit sharing only. The joint ventures are not equity backed; the land contribution by the JV partners are treated as interest-free loans to the ventures which will be deducted from sales proceeds as part of project development costs and paid back to the partners before profits are shared. The nominal share holding by UPDC and the other parties entitles them only to a share of the net profit which is determinable at the project closure.

With the exception of the associate (UPDC REIT) all the SPV companies are nominal companies and will be wound up once the projects are completed and developed house units are fully sold.

UPDC plans to hold 40% of the REIT for the long term. The surplus stake of 21.5% is to be disposed for cash.

17.3 Share of profit of Associates and Joint Ventures using the equity method

	The Group		The Company	
	2016	2015	**2016**	2015
	N'000	N'000	N'000	N'000
Share of profit in REIT (Associate)*	1,160,660	1,787,461	-	-
Share of profit of First Festival Mall Limited (Joint Venture)**	173,256	-	-	-
Share of loss in MetroCity***	(244,169)	-	-	-
Total	**1,089,747**	**1,787,461**	**-**	**-**

***Share of profit in REIT (Associate)**

UPDC diversified its portfolio in 2013 through the floating of the UPDC Real Estate Investment Trust (REIT) at a capital value of N26.7 billion listed on the Nigerian Stock Exchange (NSE) on 1 July, 2013. The REIT is a property fund backed by five (5) major investment properties located in Lagos, Abuja and Aba. The REIT's income comprises of rental income from the property assets and interest earned from short term investments in money market instruments and other real estate related assets. UPDC held 61.5% of the fund at 31 December 2016. The share of profit recognised in the group financial statements relates to UPDC's share of the REIT's profit for the year ended 31st December 2016.

The revaluation gain is not distributable until the affected investment properties are disposed.

****Share of profit of First Festival Mall Limited (Joint Venture)**

First Festival Mall reported a profit after tax of N385.0 million for the year ended 31st December 2016. The share of the Group of this based on UPDC's 45% share holding is N173.26 million.

*****Share of loss in MetroCity (Joint Venture)**

The Group's share of loss in UPDC Metro City Ltd for the year exceeded the investment in the Joint Venture of N244.2 million. In line with IAS 28, the investment is deemed to be impaired and is written down to nil value.

18. Inventories

	The Group		The Company	
	2016	2015	**2016**	2015
	N'000	N'000	N'000	N'000
Raw materials and consumables	20,540,489	10,452,015	2,664	4,668
Technical stocks and spares	1,508,031	1,232,933	-	-
Properties under construction (Note 19)	12,672,131	12,166,714	-	-
Finished goods and goods for resale	2,084,541	1,477,207	-	-
	36,805,193	**25,328,868**	**2,664**	**4,668**

All inventory above are carried at cost at all the periods reported.

The Group

During the year ended 31st December 2016 **N112 million** (2015: **Nil**) was charged to the income statement for damages, obsolescence and write downs.

19. Properties under construction included in inventories

	The Group	
	2016	**2015**
Cost/Valuation	**N'000**	**N'000**
Balance 1 January	12,166,714	9,489,183
Additions	5,021,016	5,896,842
Disposals	(2,346,900)	(3,178,378)
Reclassification as investment properties (Note 14)	(368,732)	(260,000)
Provision for Maitama Land	-	(5,423)
Provision for Manor Gardens	(132,936)	-
Other Losses from completed projects (Note 6(i))	(1,695,579)	-
Unrealised gain on transfer of asset	28,548	224,489
Balance 31 December	**12,672,131**	**12,166,714**

20. Trade and other receivables

Receivables due within one year	The Group 2016 N'000	The Group 2015 N'000	The Company 2016 N'000	The Company 2015 N'000
Trade receivables	4,714,069	5,397,726	-	-
Less: allowance for impairment of trade receivables	(1,444,698)	(1,755,065)	-	-
Net trade receivables	**3,269,371**	**3,642,661**	**-**	**-**
Receivables from Group companies (Note 30)	-	-	9,167,137	7,792,449
Other receivables	9,116,701	7,666,104	47,483	421,339
Advance payments	243,047	1,063,027	-	-
WHT receivable	906,323	796,188	356,061	264,227
Prepayments - staff grants	242,803	271,983	47,453	65,802
Prepayments- Other	1,408,841	1,216,474	21,724	28,551
	15,187,085	**14,656,437**	**9,639,859**	**8,572,367**

Trade receivables are non-interest bearing and are generally due for settlement within 30 days and therefore are all classified as current.They are amounts due from customers for goods sold or services performed in the ordinary course of business.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Advance payments are mobilisation fees made to contractors for the supply of goods and services.

	The Group 2016 N'000	The Group 2015 N'000	The Company 2016 N'000	The Company 2015 N'000
Prepayments - Current	1,651,643	1,488,457	69,177	94,352
Prepayments - Non-current	13,402	10,789	-	-
Total prepayments	**1,665,045**	**1,499,246**	**69,177**	**94,352**

The balance on prepayment represent rent and insurance paid in advance which will be charged against earnings in the periods they relate to.

Movements in the allowance for impairment of trade receivables are as follows:

	The Group 2016 N'000	The Group 2015 N'000	The Company 2016 N'000	The Company 2015 N'000
At 1 January	1,755,065	1,680,892	-	-
Allowance for/(recovery from) receivables impairment	(310,367)	74,173	-	-
At 31 December	**1,444,698**	**1,755,065**	**-**	**-**

21. Cash and cash equivalents

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cash at bank and in hand	861,217	1,407,997	67,217	22,000
Short-term deposits	8,684,368	7,804,402	4,183,329	3,409,237
Cash and short-term deposits	**9,545,585**	**9,212,399**	**4,250,546**	**3,431,237**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

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

In 2015, Securities and Exchange Commission directed all Registrars to return all unclaimed dividends, which have been in their custody for fifteen months and above, to the paying companies.Included in the cash and short-term deposits is **N2.1b** which represents unclaimed dividends received from Africa Prudential Registrars as at December 2016.

(i) Reconciliation to statement of cash flow

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cash and short-term deposits	9,545,585	9,212,399	4,250,546	3,431,237
Bank Overdrafts (Note 22)	(4,649,637)	(1,808,626)	-	-
Balances per statement of cash flow	**4,895,948**	**7,403,773**	**4,250,546**	**3,431,237**

22. Borrowings

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Current borrowings				
Overdrafts due within one year	4,649,637	1,808,626	-	-
Commercial papers due within one year	20,098,211	15,713,922	-	-
	24,747,848	**17,522,548**	**-**	**-**
Non-current borrowings				
Loans due after one year (i)	**5,284,451**	**8,125,644**	-	-
Total borrowings	**30,032,300**	**25,648,191**	**-**	**-**

22. Borrowings (Continued)

The borrowings are repayable as follows:

	The Group		The Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Within one year	24,747,848	17,522,548	-	-
Between one to two years	-	-	-	-
Between two to three years	5,233,230	7,888,237	-	-
More than three years	51,221	237,407	-	-
	30,032,300	**25,648,191**	**-**	**-**

(i) Loans due after one year

Group	**Amount due**		
	2016	**2015**	
Details of the loan maturities due after one year are as follows:	**N'000**	**N'000**	**Maturity date**
Facility			
Grand Cereals Ltd - Sterling Bank Plc and Stanbic IBTC Bank Plc	1,148,148	1,592,593	July, 2020
PPPNP-Bank of Industry	51,221	133,811	January, 2018
	1,284,451	**1,726,404**	
Term Loan:			
UPDC - Guaranty Trust Bank	2,000,000	2,976,720	August, 2019
UPDC - First Securities Discount House	2,000,000	3,422,519	May, 2019
	5,284,451	**8,125,644**	

The average interest rate for facilities from local banks during the period was 13.6% (2015 was 15.8%).

23. Trade and other payables

	The Group		The Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Trade payables	4,897,420	5,985,972	-	-
Provision for employee leave	23,182	35,414	7,606	8,996
Other payables	7,382,804	5,059,884	82,551	39,649
Advance from customers	1,346,480	1,026,462	-	-
Accruals	4,269,376	3,743,154	725,634	580,603
Total	**17,919,261**	**15,850,886**	**815,791**	**629,248**

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled between 30 and 60-day terms.

Other payables and accruals are non-interest bearing and have an average term of six months.

Advance from customers are deposits or down-payments received from customers for products.

24. Deferred revenue

	The Group		The Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
At 1 January	**323,112**	**306,844**	**65,991**	**92,759**
Deferred during the period	708,984	717,446	220,174	164,227
Released to the statement of profit or loss	(726,718)	(701,178)	(205,523)	(190,995)
At 31 December	**305,378**	**323,112**	**80,642**	**65,991**
Current	300,778	307,361	80,642	65,991
Non-current	4,600	15,751	-	-
	305,378	323,112	80,642	65,991

Deferred revenue are rentals received in advance which are recognized in the statement of profit or loss when earned.

The Group and Company lease a number of premises. These are subject to review dates ranging from 1 year to 2 years.

25. Dividend payable

	The Group		The Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
As at 1 January	2,759,611	1,932,251	2,759,611	1,932,251
Dividend declared	1,920,864	3,361,512	1,920,864	3,361,512
Dividend paid during the year	(1,863,293)	(3,242,072)	(1,863,293)	(3,242,072)
Unclaimed dividend refunded	865,330	707,920	865,330	707,920
At 31 December	3,682,512	2,759,611	3,682,512	2,759,611

26. Provisions

The Group	Contingent Liabilities	Legal claim	Decommisioning liability	Total
	N'000	N'000	N'000	N'000
At 1 January 2016	50,000	60,023	23,578	133,601
Unwinding of discount	-	-	2,042	2,042
Derecognised liabilities	-	-	(3,497)	(3,497)
Arising during the period	-	14,734	-	14,734
31 December 2016	**50,000**	**74,757**	**22,123**	**146,880**
Current	-	74,757	-	74,757
Non-current	50,000	-	22,123	72,123
At 1 January 2015	50,000	57,947	24,118	132,065
Unwinding of discount	-	-	3,040	3,040
Derecognised liabilities	-	-	(3,580)	(3,580)
Arising during the year	-	2,076	-	2,076
31 December 2015	**50,000**	**60,023**	**23,578**	**133,600**
Current	-	60,023	-	60,023
Non-current	50,000	-	23,578	73,578

The Company	Contingent Liabilities	Legal claim	Decommisioning liability	Total
	N'000	N'000	N'000	N'000
At 1 January 2016	-	42,043	-	42,043
Arising during the year	-	14,734	-	14,734
31 December 2016	**-**	**56,777**	**-**	**56,777**
Current	-	-	-	-
Non-current	-	56,777	-	56,777
At 1 January 2015	-	39,967	-	39,967
Arising during the year	-	2,076	-	2,076
31 December 2015	**-**	**42,043**	**-**	**42,043**
Current	-	42,043	-	42,043
Non-current	-	-	-	-

Contingent liabilities

The contingent liability arose from the fair value of assets acquired, liabilities assumed and the non-controlling interest of Portland Paints Plc at the acquisition date.

Legal claim

In June 2014, an award was made against the group in respect of a legal claim made by a claimant. The award requires a payment of $136,805 rent and service charges to the claimant. A provision has been recognised for this amount. However, we have applied for stay of execution of the award and also filed an application for the setting aside of the award for being null and void. No payment has been made to the claimant pending outcome of the stay of execution. The Lagos high court is currently reviewing the case.

Decommisioning liability

A subsidiary of the company (UAC Restaurants Limited) has a number of leasehold properties converted to Restaurants, which are required by agreements to be restored back to their original condition upon the expiry of the leases. Decommissioning Liability relates to the provisions made for decommissioning costs relating to these properties.Management has applied its best judgement in determining the amount of the liability that will be incurred at the end of each lease term. Variables such as inflation rate and currency exchange rates amongst others, were considered in this estimate. 18% discount rate for the unwinding of the discount on the liability was determined using the "Capital Asset Pricing Model". The obligation is expected to cystalise in 2030.

27. Deferred Tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Deferred tax assets:				
– Deferred tax asset to be recovered after more than 12 months	145,977	231,652	-	-
	145,977	231,652	-	-
Deferred tax liabilities:				
– Deferred tax liability to be recovered after more than 12 months	(4,791,901)	(5,048,083)	(198,965)	(212,433)
Deferred tax (liabilities) / assets	**(4,645,924)**	**(4,816,431)**	**(198,965)**	**(212,433)**

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
At 1 January	(4,816,431)	(5,365,999)	(212,433)	-
Adjustment in respect of prior year	(85,675)	29,042	-	-
(Charged)/credited to profit or loss	256,182	520,527	13,468	(212,433)
At 31 December 2016	**(4,645,924)**	**(4,816,431)**	**(198,965)**	**(212,433)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

The Group

Deferred tax liabilities	PPE	Provisions (i)	Assessed losses	Exchange difference	Investment properties	Capital Gains to be reinvested	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	3,922,881	2,088,328	(442,600)	-	-	-	5,568,609
Charged/(credited) to profit or loss	(520,527)	-	-	-	-	-	(520,527)
At 31 December 2015	**3,402,354**	**2,088,328**	**(442,600)**	**-**	**-**	**-**	**5,048,083**
At 1 January 2016	3,402,354	2,088,328	(442,600)	-	-	-	5,048,083
(Charged)/credited to profit or loss	148,729	(11,081)	(644,691)	30,397	105,581	114,882	(256,182)
At 31 December 2016	**3,551,083**	**2,077,247**	**(1,087,290)**	**30,397**	**105,581**	**114,882**	**4,791,901**

(i) Provisions relate to impairment of financial instruments, write down of inventories to net realisable value and allowances.

The Company

Deferred tax liabilities	PPE	Provisions (i)	Assessed losses	Exchange difference	Investment properties	Capital Gains to be reinvested	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	-	-	-	-	-	-	-
Charged/(credited) to profit or loss	(57,791)	(14,262)	-	(611)	285,097	-	212,433
At 31 December 2015	**(57,791)**	**(14,262)**	**-**	**(611)**	**285,097**	**-**	**212,433**
At 1 January 2016	(57,791)	(14,262)	-	(611)	285,097	-	212,433
(Credited)/charged to profit or loss	(18,112)	9,217	(2,770)	(1,803)	-	-	(13,468)
At 31 December 2016	**(75,902)**	**(5,045)**	**(2,770)**	**(2,414)**	**285,097**	**-**	**198,965**

28. Share Capital

Group and Company

	2016		2015	
	Number 000	Amount N'000	Number 000	Amount N'000
Authorised:				
Ordinary Shares of 50k each	3,000,000	1,500,000	3,000,000	1,500,000
Preference Shares of 50k each	400,000	200,000	400,000	200,000
Total authorised share capital	**3,400,000**	**1,700,000**	**3,400,000**	**1,700,000**
Issued and fully paid:				
Ordinary shares of 50k each	1,920,864	960,432	1,920,864	960,432
Total called up share capital	**1,920,864**	**960,432**	**1,920,864**	**960,432**

Movements during the period:	Group and Company	
	Number of shares	Ordinary shares
	000	=N='000
At 31 December 2015	**1,920,864**	**960,432**
Capitalised during the period	-	-
At 31 December 2016	**1,920,864**	**960,432**

Nature and purpose of Other Reserves

Share Premium

Section 120.2 of Companies and Allied Matters Act requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium. The Share premium is to be capitalised and issued as scrips as approved by shareholders from time to time.

Contingency Reserve

The contingency reserve covers an appropriation of surplus or retained earnings that may or may not be funded, indicating a reservation against a specific or general contingency. The contingency reserve represents the transfer to statutory reserve of 12.5% of the profit after tax of UNICO CPFA Limited in line with section 69 of the Pension Reform Act 2004 (2014 as amended).

29. Reconciliation of profit before tax to cash generated from operations

	Group		Company	
	2016 N'000	**2015 N'000**	**2016 N'000**	**2015 N'000**
Profit before tax	7,774,880	7,733,077	3,014,174	3,959,166
Adjustment for net finance (income)/costs	1,387,220	1,449,473	(1,500,755)	(1,478,066)
Operating profit	**9,162,101**	**9,182,550**	**1,513,419**	**2,481,100**
Amortisation of intangible assets	227,385	146,521	35,667	34,967
Share of associate and joint ventures' profit	(1,089,747)	(1,787,461)	-	-
Dividend income	-	-	(1,728,393)	(3,216,353)
Depreciation	2,383,288	2,348,533	170,719	135,021
Impairment charge on PPE	-	498,341	-	-
Effects of exchange rate changes on cash and cash equivalents.	(4,107)	349	-	-
Net fair value gains/(losses) on investment properties	(1,627,369)	(72,893)	(118,399)	179,784
Reclassification of investment from JV to Joint Operation (Note 17.2)	1,535,865	-	-	-
Impairment of UPDC Hotel's PPE (Note 6(i))	-	473,000	-	-
Profit on sale of tangible PPE	(351,847)	(165,065)	(3,083)	1,465
Profit or loss on sale of Investment Properties	(767,372)	57,365	(35,000)	-
Operating cash flows before movements in	**9,468,198**	**10,681,239**	**(165,070)**	**(384,016)**
Movements in working capital:				
Inventories	(11,476,325)	2,526,871	2,005	(1,246)
Trade and other receivables	(530,648)	1,361,688	(1,067,491)	(757,510)
Trade and other payables	3,782,752	(245,003)	877,277	1,421,435
Provisions	13,279	1,535	14,734	2,076
Net cash from/(used in) operations	**1,257,255**	**14,326,329**	**(338,546)**	**280,739**

30. Related party transactions

The Company

The company's related parties consist of companies in whom the company has shareholding and similar interests (it's subsidiaries, associates & joint venture partners), the key management personnel of the company and their close family members and all other entities that are directly or indirectly controlled by the company.

The following transactions were carried out with the subsidiaries:

(a) Sales of goods and services

The Company has commercial service agreements with its subsidiaries for support services. Income from commercial services fees(representing 0.75-1% of revenue of the subsidiaries) **N690 million** (2015: **N630 million**).

This has been included in the revenue of the Company.

	Company	
	2016	**2015**
	N'000	**N'000**
UACN Property Development Co. Plc	29,203	40,267
Grand Cereals Limited	271,234	229,608
Chemical & Allied Products Plc	68,140	70,631
Warm Spring Waters Nigeria Limited	4,965	6,253
UAC Foods Ltd	157,566	145,502
UNICO Closed PFA Ltd	1,620	1,810
MDS Logistics Ltd	27,235	24,272
Portland Paints & Products Plc	19,560	21,685
Livestock Feeds Plc	110,672	89,633
UAC Restaurants Ltd	-	-
	690,195	**629,660**

(b) Period-end net balances arising from sales/purchases of goods/services with subsidiaries	Company	
	2016	**2015**
Receivable:	**N'000**	**N'000**
UACN Property Development Co. Plc	3,920,044	1,996,424
Chemical & Allied Products Plc	4,969	7,202
Grand Cereals Limited	3,124,939	3,895,941
Warm Spring Waters Nigeria Limited	14,059	881
UNICO CPFA Ltd	5,908	6,863
UAC Restaurants Limited	48,074	45,140
Portland Paints Plc	491,702	425,685
Livestock Feeds Plc	1,382,431	1,214,985
MDS Logistics Plc	35,096	44,222
UAC Foods Ltd	139,916	155,106
	9,167,137	**7,792,449**

All trading balances will be settled in cash.

There were no provisions for doubtful related party receivables as at 31 December 2016 (2015: nil) and no charges to the profit or loss in respect of doubtful related party receivables.

(c) Key Management Personnel

Total transactions with key management personnel amounted to **Nil** during the year (2015:N2.9 million).

Intra-group and other related party transactions are carried out at normal commercial terms and conditions.

31. Capital commitments and contingent liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Capital expenditure authorised	13,905,512	12,604,472	122,260	290,700
Capital expenditure authorised & contracted	5,536,727	6,060,854	33,620	131,664

31. Capital commitments and contingent liabilities (continued)

In 2006, UPDC acquired a parcel of land in Ikoyi from Wema Bank. The property was originally owned by the Federal Ministry of Works and Housing (FMWH). Subsequently, Parkview Estate was developed on the property at a carrying value of N1.5billion.

However, County & City Bricks Limited (CCBL) had taken the Federal Government and UPDC to court claiming that the land was leased to it in 1998 and therefore any subsequent dealing on the portion of land adverse to its interest is null and of no effect.

Judgment was delivered in June 2009 to the effect that there was indeed a contract between the FMWH and CCBL which the Ministry breached and that they were entitled to the parcel of land (including the UPDC acquired area). The court further declared that the certificates of UPDC and other parties to the suits were null and void. CCBL, with the help of police officers, but without a writ of execution from the Court and any bailiff of Court, forcefully took over the premises and ejected UPDC's contractors and workers therefrom.

UPDC has appealed the judgment. The lawyer's opine that UPDC has a high chance of succeeding in its appeal because of inconsistencies in the judgment of the High Court and that the company is a bonafide purchaser of value without notice of any encumbrance on the property before acquiring a legal title.

Steve Akhigbemidu & Co. (Estate Surveyors & Valuers) assessed and valued the property - fair market: N1.8billion, forced sale: N1.2billion.

The directors have written down the property to its forced sale value of N1.2 billion.
In an event the company loses the case the carrying value of the property in its books is N1.2 billion.

There were other litigations as at the reporting date in the ordinary course of business which involved land acquisition, contractual claims and recovery of overdue rents and service charges. In the opinion of the directors, no material loss is expected to arise from these. However, those evaluated to likely result in loss were provided for.

32. Technical support agreements

a) A subsidiary (CAP Plc) has a royalty agreement with AkzoNobel, United Kingdom in respect of paints produced and sold by the subsidiary. Amount charged for the period (representing 3% of turnover of Dulux Brand) is **N116.55 million** (2015: **N101.36 million**)

33. Disposal group previously held for sale now reclassified as continuing operations

In 2013, management decided to dispose of its equity holding in Warm Spring Waters Nigeria Limited. The entity was classified as a disposal group held for sale as it was available for sale in its then condition and a sale was probable. However, during the course of the year, management considered prevailing market conditions among other factors and opted instead to retain its holding in the company. The entity has therefore being consolidated in the books for the 2016 financial year in full compliance with the requirements of IFRS 5.

The comparative consolidated statements of profit or loss and financial position have been represented to show Warm Spring Waters Nigeria Limited as part of continuing operations

33(a). Reconciliation of previously published statement of profit or loss:

	2015		
	IFRS previously reported	Discontinued operations	IFRS represented
Continuing operations	**N'000**	**N'000**	**N'000**
Revenue	73,145,987	625,257	73,771,244
Cost of sales	(56,580,958)	(381,655)	(56,962,613)
Gross profit	**16,565,029**	**243,602**	**16,808,631**
Other operating income	1,959,361	9,380	1,968,741
Selling and distribution expenses	(3,318,702)	(144,721)	(3,463,423)
Administrative expenses	(6,881,927)	(320,665)	(7,202,592)
Other operating losses	(716,268)	-	(716,268)
Operating profit	**7,607,493**	**(212,404)**	**7,395,089**
Finance income	1,566,466	1,637	1,568,103
Finance cost	(3,017,576)	-	(3,017,576)
Net finance (cost) / income	**(1,451,110)**	**1,637**	**(1,449,473)**
Share of profit/loss of associates and joint venture using the equity method	1,787,461	-	1,787,461
Profit before tax	**7,943,844**	**(210,767)**	**7,733,077**
Income Tax Expense	(2,796,891)	226,552	(2,570,339)
Profit after tax for the period from continuing operations	5,146,953	15,785	5,162,738
Discontinued operations			
Profit after tax for the period from discontinued operations**	37,718	(37,718)	-
Profit for the year	**5,184,671**	**(21,933)**	**5,162,738**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Net changes in fair value of available-for-sale financial assets	(3,004)	-	(3,004)
Tax on other comprehensive income	-	-	-
Other comprehensive income for the period net of tax	(3,004)	-	(3,004)
Total comprehensive income for the period net of tax	5,181,667	(21,933)	5,159,734
Profit attributable to:			
Equity holders of the parent	2,996,779	(13,285)	2,983,494
Non controlling interests	2,187,892	(8,648)	2,179,245
Total	**5,184,671**	**(21,933)**	**5,162,738**
Total comprehensive income attributable to:			
Equity holders of the parent	2,995,247	(13,465)	2,981,781
Non controlling interests	2,186,420	(8,467)	2,177,953
Total	**5,181,667**	**(21,933)**	**5,159,734**
Earnings per share attributable to owners of the parent during the period (expressed in Naira per share):			
Basic Earnings Per Share			
From continuing operations	154		155
From discontinued operations	2		-
From profit for the year	156		155
Diluted Earnings Per Share			
From continuing operations	154		155
From discontinued operations	2		-
From profit for the year	156		155

33(b). Reconciliation of previously published statement of financial position:

	2015			2014		
Assets	IFRS previously reported N'000	Discontinued operations N'000	IFRS represented N'000	IFRS previously reported N'000	Discontinued operations N'000	IFRS represented N'000
Non-current assets						
Property, plant and equipment	35,439,239	660,798	36,100,036	36,612,882	675,501	37,288,383
Intangible assets and goodwill	1,862,646	-	1,862,646	1,842,452	-	1,842,452
Investment property	20,035,327	-	20,035,327	19,924,421	-	19,924,421
Investments in associates and joint ventures	21,207,867	(10,000)	21,197,867	19,100,575	(10,000)	19,090,575
Available-for-sale financial assets	9,308	10,000	19,308	12,312	10,000	22,312
Prepayment	10,789	-	10,789	25,032	-	25,032
Deferred tax asset	203,290	28,362	231,652	202,610	-	202,610
	78,768,466	**689,159**	**79,457,625**	**77,720,285**	**675,501**	**78,395,786**
Current assets						
Inventories	25,283,076	45,791	25,328,868	27,766,675	89,063	27,855,738
Trade and other receivables	14,593,840	62,597	14,656,437	15,950,023	51,061	16,001,084
Cash and Cash equivalents (excluding bank overdrafts)	9,183,402	28,997	9,212,399	7,956,717	151,336	8,108,053
	49,060,318	**137,385**	**49,197,703**	**51,673,415**	**291,460**	**51,964,875**
Assets of disposal group classified as held for sale	826,544	(826,544)	-	966,961	(966,961)	-
Total assets	**128,655,328**	**-**	**128,655,328**	**130,360,660**	**-**	**130,360,660**
Equity and Liabilities						
Ordinary share capital	960,432	-	960,432	960,432	-	960,432
Share premium	3,934,536	-	3,934,536	3,934,536	-	3,934,536
Contingency reserve	28,575	-	28,575	28,575	-	28,575
Available-for-sale reserve	(5,504)	-	(5,504)	(3,792)	-	(3,792)
Retained earnings	39,670,420	-	39,670,420	40,048,438	-	40,048,438
Equity attributable to equity holders of the Company	**44,588,460**	**-**	**44,588,460**	**44,968,190**	**-**	**44,968,190**
Non controlling interests	**29,553,564**	**-**	**29,553,564**	**30,109,541**	**-**	**30,109,541**
Total equity	**74,142,024**	**-**	**74,142,024**	**75,077,731**	**-**	**75,077,731**
Non-current liabilities						
Borrowings	8,125,644	-	8,125,644	7,737,406	-	7,737,406
Deferred tax liabilities	5,048,083	-	5,048,083	5,558,941	9,668	5,568,609
Deferred revenue	15,751	-	15,751	214,085	-	214,085
Provisions	73,578	-	73,578	74,118	-	74,118
	13,263,055	**-**	**13,263,055**	**13,584,550**	**9,668**	**13,594,219**
Current liabilities						
Trade and other payables	14,941,483	909,403	15,850,886	13,961,492	605,187	14,566,679
Current income tax liabilities	4,735,542	14,279	4,749,821	4,477,945	3,390	4,481,335
Bank overdrafts and current portion of borrowings	17,522,548	-	17,522,548	20,557,739	-	20,557,739
Dividend payable	3,574,696	(815,085)	2,759,611	2,379,061	(446,810)	1,932,251
Deferred revenue	307,361	-	307,361	92,759	-	92,759
Provisions	60,023	-	60,023	57,947	-	57,947
	41,141,653	**108,597**	**41,250,250**	**41,526,944**	**161,767**	**41,688,711**
Liabilities of disposal group classified as held for sale	108,597	(108,597)	-	171,435	(171,435)	-
Total liabilities	**54,513,304**	**-**	**54,513,304**	**55,282,929**	**-**	**55,282,929**
Total equity and liabilities	**128,655,328**	**-**	**128,655,328**	**130,360,660**	**-**	**130,360,660**

34. Disclosure of Interests in Other Entities

34.1 Composition of the group

UAC of Nigeria Plc is a diversified conglomerate with interests in four primary verticals - Food and Beverages (5 entities), Real Estate (1 entity), Paints (2 entities) and Logistics (1 entity). The group comprises of a corporate centre (the Company) holding controlling interests in 10 entities, including a closed pension fund administrator.

34.2 Subsidiaries with significant non-controlling interests

UACN Property Development Company Plc (UPDC) – UPDC is a publicly quoted company whose principal place of business is in Lagos, Nigeria. The company is involved in the development, sale and facility management of commercial and residential properties in Nigeria. First Trustees, a subsidiary of First Bank of Nigeria Plc holds an 8% (2015: 8%) interest in the entity. The profit allocated to Non-Controlling Interest (NCI) for the year ended 31 December 2016 is N13 million (2015: N1.94 billion) and total dividend paid amounts to N464 million (2015: N962.5 million). As at 31 December 2016, the accumulated NCI in the subsidiary was N19.2 billion (2015: N19.5 billion). UAC has a 46% equity interest in UPDC but has de facto control in the subsidiary and therefore consolidates the entity in line with IFRS 10.

MDS Logistics Limited (MDS) – MDS Logistics Limited is a company which provides warehousing, distribution and redistribution services to clients in Nigeria. The company's principal place of business is Lagos, Nigeria. In 2013, UAC divested 49% of its 100% stake in the company to Imperial Mobility International BV ("Imperial"), thereby retaining 51%. Imperial held a 49% stake in the company as at 31 December 2016 (2015: 49%). The profit allocated to Non-Controlling Interest (NCI) for the year 2016 is N311 million (2015:N339 million). As at the 31 December 2016, the accumulated NCI in the subsidiary was N2.65 billion (2015: N2.4 billion) and dividend was paid.

UAC Restaurants Limited (UACR) – UAC Restaurants Limited is a quick service restaurant company that operates through the Mr Biggs'chain of restaurants, using the franchise model. The company's principal place of business is Lagos, Nigeria. In 2013, UAC divested 49% of its 100% stake in the company to Famous Brands, thereby retaining 51%. Famous Brands held a 49% stake in the company as at 31 December 2016. The loss allocated to Non-Controlling Interest (NCI) for the year 2015 is N13.5 million (2015: Loss of N65 million) and no dividend was paid. As at 31 December 2016, the accumulated NCI in the subsidiary was N198 million (2015: N212 million).

UAC Foods Limited (UFL) – UAC Foods Limited is a company involved in the manufacture of packaged snacks, fruit juice, ice-cream and bottled spring water. The company's principal place of business is Lagos, Nigeria. In 2011, UAC divested 49% of its 100% stake in the company to Tiger Brands, thereby retaining 51%. Tiger Brands held a 49% stake in the company as at 31 December 2016. The profit allocated to Non-Controlling Interest (NCI) for the year 2016 is N386 million (2015:N230m) and total dividend paid amounts to N1 billion (2015: N1 billion). As at 31 December 2016, the accumulated NCI in the subsidiary was N2.45 billion (2015: N2.45 billion).

Summarised financial information	**MDS**	**UPDC**	**UACR**	**UFL**
	N'000	N'000	N'000	N'000
Non-current assets	3,714,024	48,658,247	564,871	4,006,720
Current assets	3,797,891	22,245,490	539,949	5,101,880
Current liabilities	1,538,941	32,802,486	679,453	2,783,154
Non-current liabilities	527,741	4,077,137	22,123	783,584
Revenue	5,340,283	6,344,822	1,181,762	15,756,629
Profit before tax	1,677,503	(1,783,124)	(27,619)	1,135,366
Total comprehensive income	1,213,300	(1,550,055)	(28,527)	792,748

Acquisition of additional interest in Portland Paints & Products Nigeria PLC (Portland Paints)

In 2016, the company acquired additional 7.5% (30m shares) of the issued shares of Portland Paints for a purchase consideration of N118.82 million. The group now holds 72.2% of the equity share capital of Portland Paints. The carrying amount of the non-controlling interests in Portland Paints on the date of acquisition was N251.02 million. The group derecognised non-controlling interests of N251.02m and recorded a decrease in equity attributable to non-controlling interest of N132.2 million.

The effect of changes in the ownership interest of UACN Group on the equity attributable to owners of the company during the year is summarised as follows:

	N'000
Carrying amount of non-controlling interests at acquisition date	251,020
Consideration paid to non-controlling interests	(118,820)
Value of NCI recognised in parent's total equity	132,200

35. Fair Value Measurements

Fair value of investment property

An independent valuation of the group's investment property was performed by valuers to determine the fair value of investment properties as at 31 December 2015. The gain on fair valuation was credited to profit or loss and is shown in "other gains" (Note 6). The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The valuation of investment property results in a level 3 fair value

Valuation techniques used to derive level 3 fair values
Investment Property

Level 3 fair values for investment property has been derived using the open market value. To obtain the open market value, the following were considered, a willing buyer, a willing seller, the property is freely exposed to the market, a reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market.The open market value methodology falls within the "market approach" as stipulated by IFRS 13.

Fair value measurements as at 31st December 2016 using:

all figures in N'000 unless otherwise stated	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements	N'000	N'000	N'000
Investment Property			
UAC Company	-	-	3,032,200
UPDC	-	-	16,838,034
Group			**19,870,234**
Available for sale financial assets			
Livestock Feeds Plc investment in financial assets for sale	19,197	-	-

Fair value measurements as at 31st December 2015 using:

all figures in N'000 unless otherwise stated	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements	N'000	N'000	N'000
Investment Property			
UAC Company	-	-	2,984,600
UPDC	-	-	17,050,727
Group			**20,035,327**
Available for sale financial assets			
Livestock Feeds Plc investment in financial assets for sale	19,308	-	-
Non-recurring fair value measurements			
Previously held interests in Livestock Feeds Plc.	462,210	-	-

Valuation techniques used to derive level 3 fair values

	2016	
	Investment Property (Company)	Investment Property (Group)
	N'000	N'000
Opening balance	2,984,600	20,035,327
Transfers to/(from) level 3	-	-
Additions	4,201	19,743
Reclassifications	-	312,845
Disposals	(75,000)	(2,125,050)
Gains recognised in profit or loss	118,399	1,627,369
Closing Balance	3,032,200	19,870,234

Valuation techniques used to derive level 3 fair values

	2015	
	Investment Property (Company)	Investment Property (Group)
	N'000	N'000
Opening balance	3,198,600	19,924,422
Transfers to/(from) level 3	-	-
Additions	784	54,377
Reclassifications	-	260,000
Disposals	(35,000)	(276,365)
Gains recognised in profit or loss	(179,784)	72,893
Closing Balance	2,984,600	20,035,327

Valuation process for the group

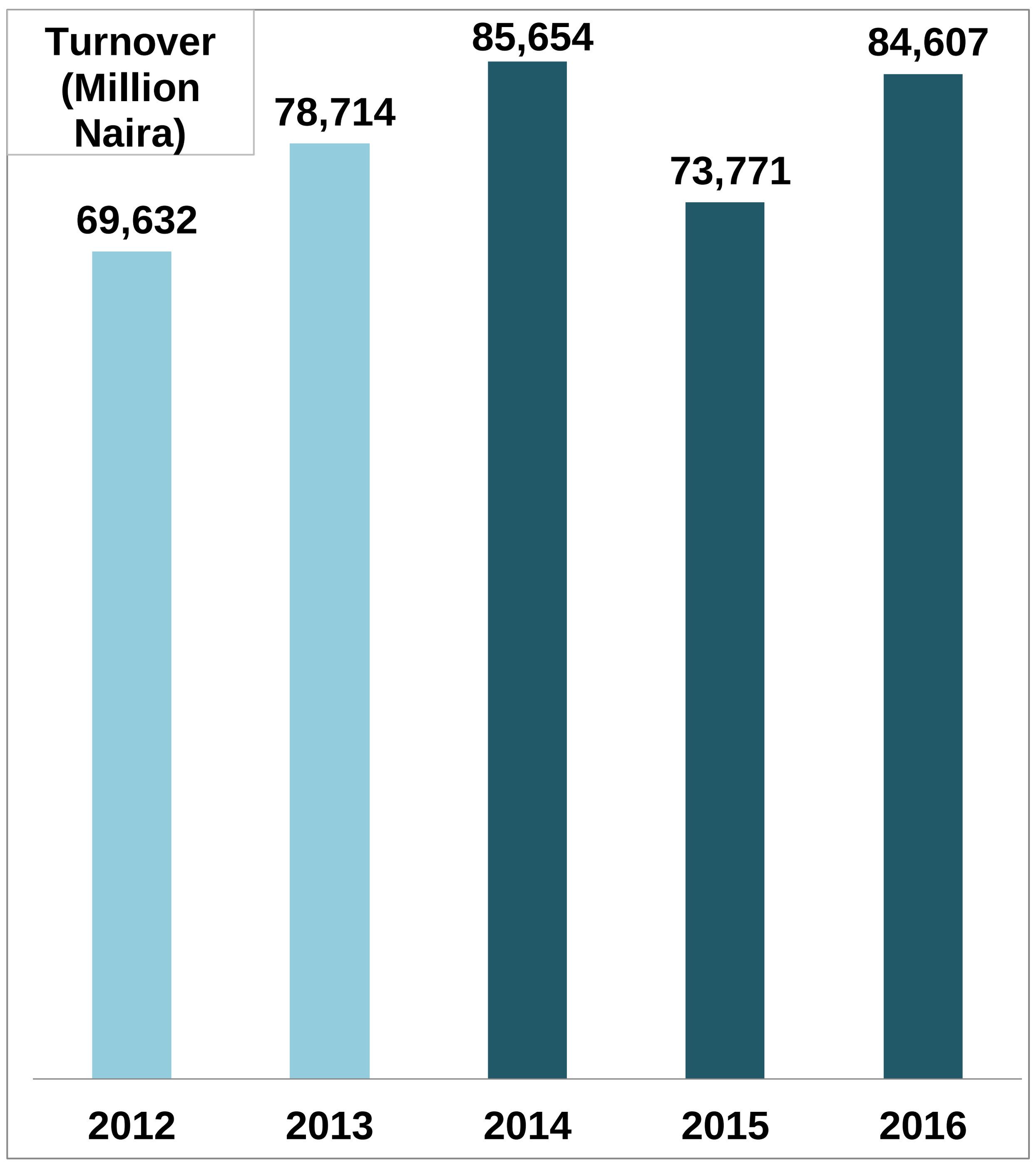
On an annual basis, the group engages external, qualified valuers to determine the fair value of the group's investment properties, using level 3 inputs. The firm of Messrs Steve Akhigbemidu & Co carried out the valuation exercise of investment properties as at 31 December 2016.
The external valuations of the level 3 investment properties have been performed using the Open Market Approach. The external valuers has determined these inputs based on the size, age, condition of the land and buildings, willing buyer, willing seller, the state of the local economy and a reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market.

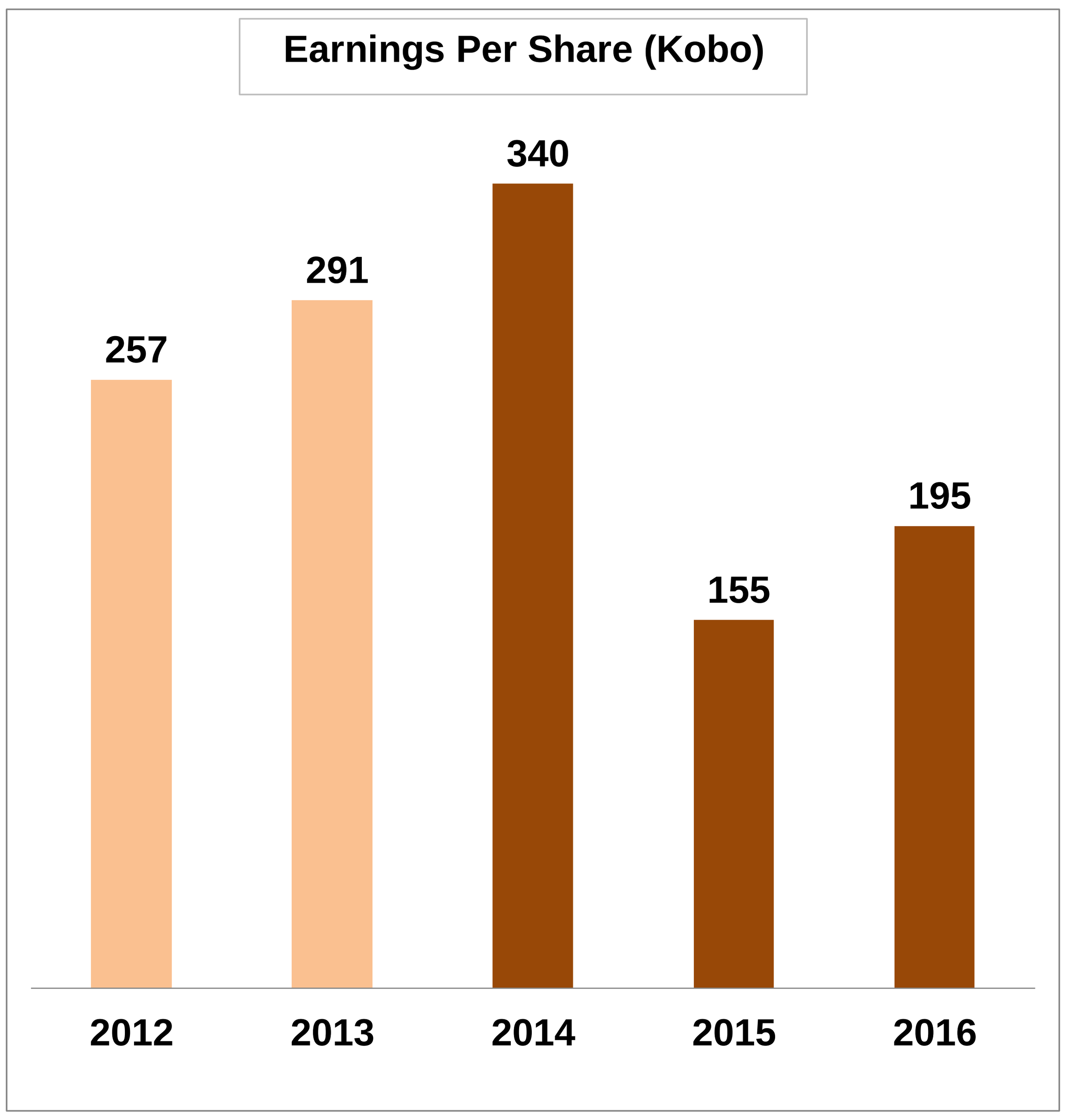
Information about fair value measurements using significant unobservable inputs (Level 3)

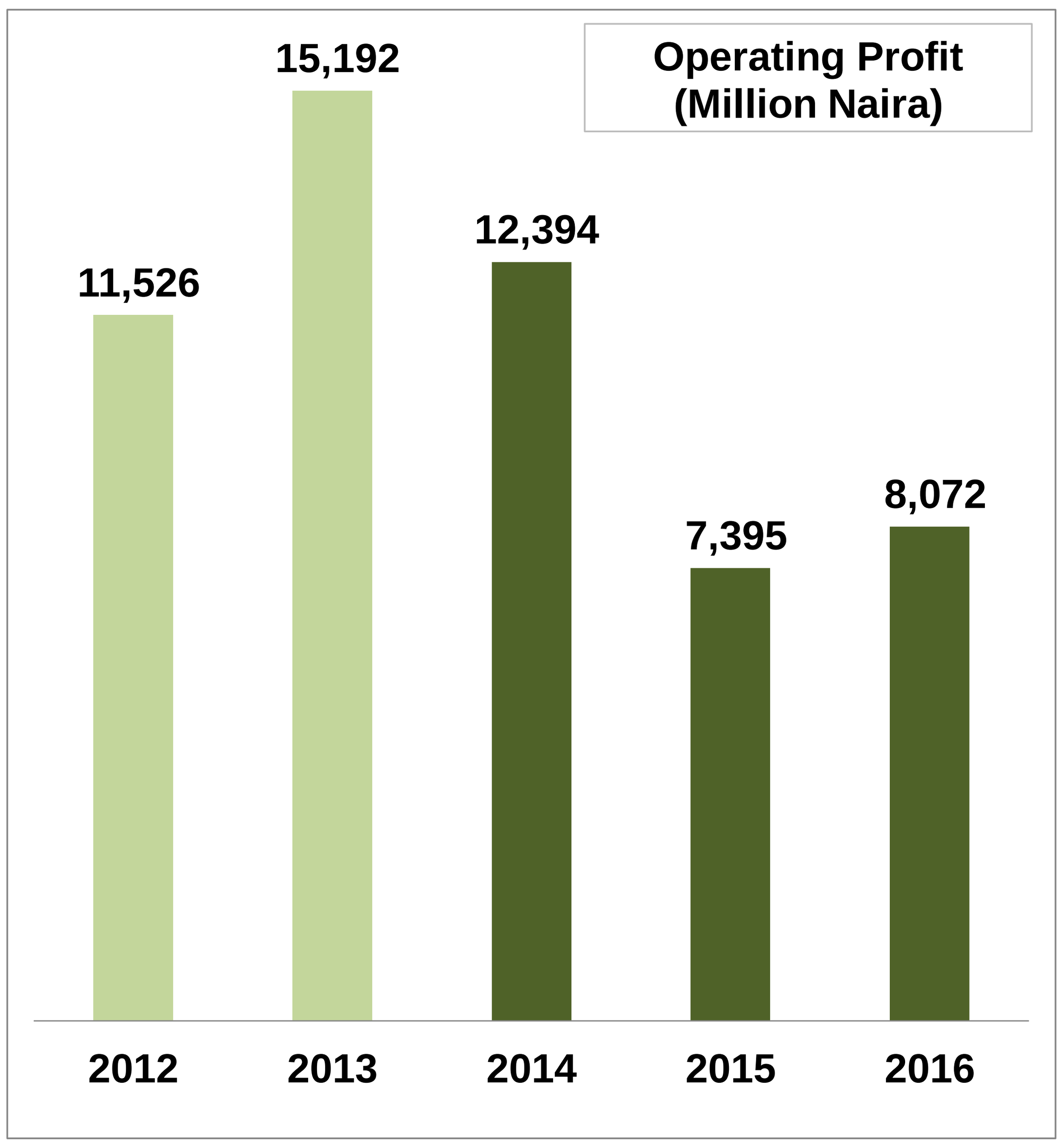
Description	**Fair value as at 31 December 2016**	**Fair value as at 31 December 2015**	**Valuation Technique**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
Investment Property - UAC Company	3,032,200	2,984,600	Open Market Approach	Price per square meter determined by demand and availability of property of that quality in that location	The higher the estimated price per square meter, the higher the value
Investment Property - UPDC	16,838,034	17,050,727	Open Market Approach	Price per square meter determined by demand and availability of property of that quality in that location	The higer the estimated price per square meter, the higher the value

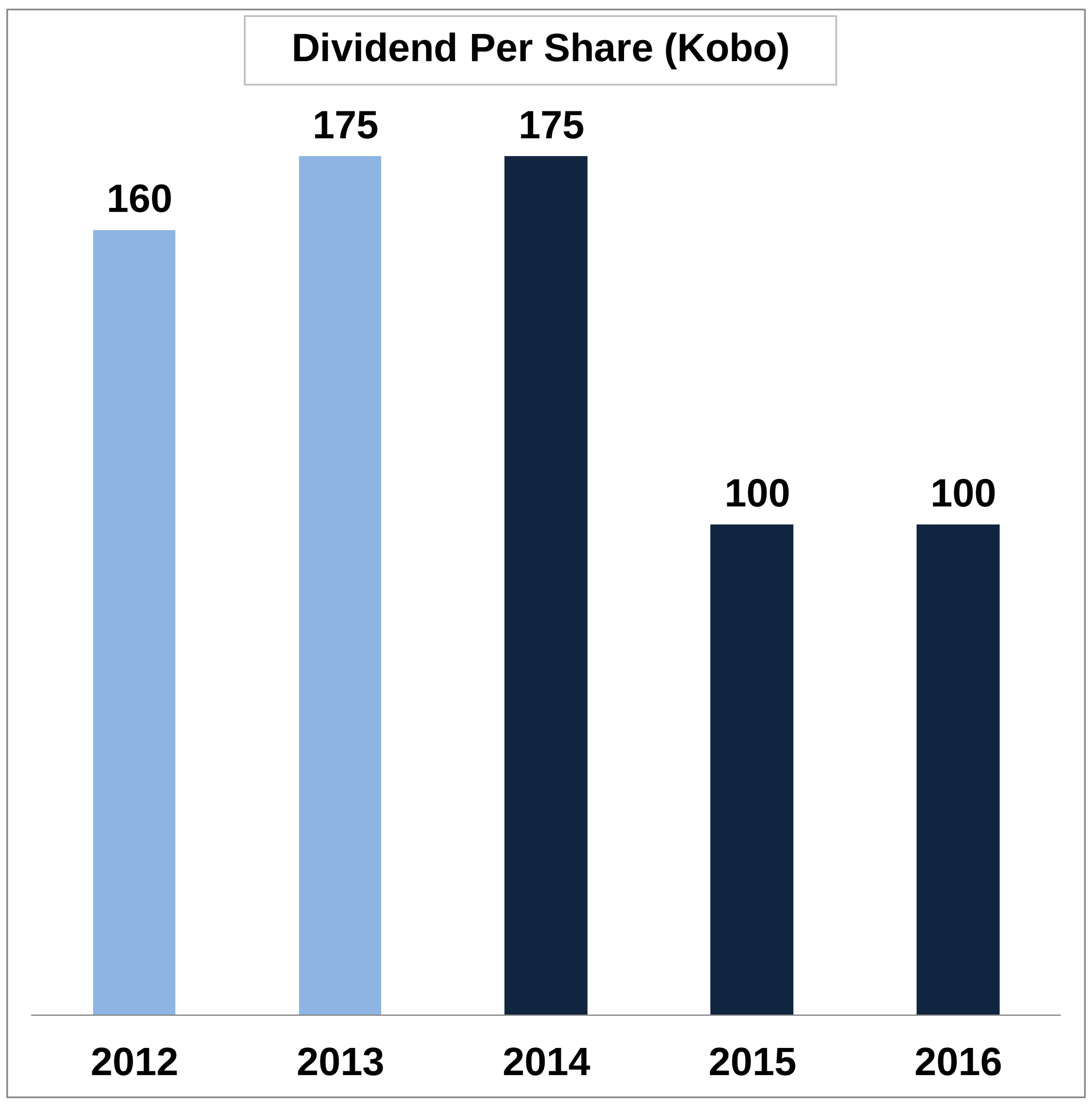
36. Subsequent events

There were no material events subsequent to the balance sheet date that has not been accounted for or disclosed in these financial statements









2012 - 2016 figures are based on IFRS

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Group five-year financial summary
Year ended 31st December 2016

	IFRS				
Naira millions	2012	2013	2014	2015	2016
Funds Employed					
Equity attributable to equity holders of the Company	37,026	42,898	44,965	44,588	46,418
Non-controlling interest	23,575	29,340	30,110	29,554	30,047
Creditors due after one year	18,470	11,562	13,296	13,174	10,076
Provisions	35	26	132	134	72
	79,106	83,825	88,503	87,449	86,614
Employment of funds					
Property, plant and equipment	68,954	57,420	59,305	58,260	56,995
Long term investments	307	17,991	19,091	21,198	19,696
Net current (liabilities) / assets	9,845	6,701	10,276	7,947	9,927
	79,106	82,112	88,672	87,405	86,619
Capital expenditure	5,161	8,348	3,029	1,809	1,839
Depreciation	1,770	3,077	2,629	2,495	2,611
Results	IFRS				
Turnover	69,632	78,714	85,654	73,771	84,607
Profit from operations	11,526	15,192	12,394	7,395	8,072
Share of profit of associated companies	-	-	2,979	1,787	1,090
Taxation	(3,642)	(4,062)	(3,370)	(2,570)	(2,108)
Profit after tax and non-controlling interest	4,111	5,582	6,532	2,983	3,751
Dividend - proposed	(2,561)	(3,362)	(3,362)	(1,921)	(1,921)
Profit for the year retained	1,550	3,159	3,171	(378)	1,830
Share prices : High (kobo)	3,450	7,110	7,120	4,274	2,200
Low (kobo)	2,800	4,200	3,400	1,875	1,681
Market capitalisation (period-end)	67,230	128,698	65,309	36,016	32,290
Dividend per share (kobo)	160	175	175	100	100
Dividend per share (kobo) - adjusted	160	175	175	100	100
Earnings per share (kobo)	257	291	340	155	195
Earnings per share (kobo) - adjusted	214	291	340	155	195
Net assets per share (kobo)	3,786	3,713	3,876	3,860	3,981
Dividend cover (times)	1.6	1.7	1.8	1.0	1.0

UAC of Nigeria Plc

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Statement of Value Added
For the year ended 31st December 2016

	Group				Company			
	2016		2015		**2016**		2015	
	=N=Million	**%**	=N=Million	%	**=N=Million**	**%**	=N=Million	%
Turnover	84,607		73,771		912		821	
Share of associated companies' profits	1,090		1,787		-		-	
Interest received & other income	5,444		3,537		1,761		1,821	
Cost of materials and services:								
Imported	(374)		(369)		-		-	
Local	(69,707)		(58,099)		1,151		2,422	
Value Added	**21,059**	**100**	**20,628**	**100**	**3,824**	**100**	**5,064**	**100**
Applied as follows:								
To pay employees								
Salaries, wages and other benefits	7,725	37	7,385	36	604	16	706	14
To pay government								
Taxes	2,108	10	2,570	12	387	10	659	13
To pay providers of capital								
Interest charges	2,949	14	3,018	15	-	-	-	-
To pay shareholders								
Dividend	1,921	9	3,362	16	1,921	50	3,362	66
Retained for replacement of assets and business growth:								
Depreciation and Amortisation	2,611	12	2,495	12	206	5	195	4
Non-controlling interest	1,916	9	2,178	11	-	-	-	-
Future Investment	1,830	9	(380)	(2)	706	18	142	3
	21,059	**100**	**20,628**	**100**	**3,824**	**100**	**5,064**	**100**

Value added represents the additional wealth which the group has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creations of more wealth.