

FRIGOGLASS WEST AFRICA LIMITED
Annual report and financial statements
For the year ended 31 December 2017

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Corporate information

Board of directors	Abimbola Ogunbanjo Elias Koutsogiannis George Papachristou Lemonia Chanaki Emmanouil Souliotis Ioannis Sklavainas	Chairman Managing Director Member Member Member Member	Appointed 9 February 2018 Resigned 9 February 2018
Registration number	RC 1260327		
Registered office	2, Iddo House, Iddo P.O. Box 159 Lagos, Nigeria		
Company secretary	Chris Ogunbanjo Nominees 3, Hospital Road Lagos Island Lagos		
Independent auditor	PricewaterhouseCoopers Chartered Accountants Landmark Towers 5B, Water Corporation Road Victoria Island Lagos		
Principal bankers	Stanbic IBTC Bank Plc Zenith International Bank Plc		

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REPORT OF THE DIRECTORS

The directors hereby present to members of the Company, the Annual Report together with the Audited Financial Statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

Frigoglass West Africa Limited is a major player in the ice-cooling merchandising (beverage coolers) market.

RESULT FOR THE YEAR

	31 December 2017	31 December 2016
	N'000	N'000
Turnover	2,762,023	4,713,810
Loss before taxation	(214,997)	(502,111)
Loss after taxation	(214,997)	(236,014)

APPROPRIATION OF LOSS AFTER TAXATION

The directors do not recommend the payment of dividend of the year ended 31 December 2017 (31 December 2016: Nil).

DIRECTORS

The names of the directors who held office during the year under review and at the date of this report are as follows:

Abimbola Ogunbanjo (Nigerian)	- Chairman
Elias Koutsogiannis (Greek)	- Managing Director
George Papachristou (Greek)	
Ioannis Sklavavainas (Greek)	
Lemonia Chanaki (Greek)	
Emmanouil Soulitis (Greek)	

In accordance with Section 258(2) of the Companies and Allied Matters Act, the records of Directors' attendance at board meetings during the year will be available for inspection.

DIRECTORS' INTERESTS IN:

Shares of the Company

According to the Register kept for the purposes of Section 273 of the Companies and Allied Matters Act, none of the Directors held any shares in the issued share capital of the Company as at 31 December 2017.

Contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, of any disposable interests in contracts involving the Company either as at 31 December 2017 or the date of this report.

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REPORT OF THE DIRECTORS

SHAREHOLDING

According to the register of members at 31 December 2017, below are the details of the shareholding of the Company:

Shareholder	Number of	Percentage
	shares	held
	Units	%
Frigoinvest Holding B.V. Netherlands	653,823,600	76.02
Nigerian Bottling Company Limited	205,574,400	23.90
Strawdale Limited	602,000	0.08
Total	860,000,000	100.00

DISTRIBUTION OF COMPANY'S PRODUCTS

The Company's products are manufactured mainly to customer's specifications.

ACQUISITION OF OWN SHARES

The Company did not acquire its own shares during the year in review.

FIXED ASSETS

In the opinion of the Directors, the market value of the Company's assets is not less than the value shown on the financial statements.

EMPLOYMENT OF DISABLED PERSONS

It is the Company's policy not to discriminate against disabled persons hence, full and fair consideration is given to applications received from them having regard to each applicant's particular aptitudes and abilities.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

Free medical treatment is given to all employees in well-equipped and professional manned in-house clinics, which exists in the Company's premises. Cases requiring more intensive medical care are referred to the nearest reputable hospitals whose services are retained by the Company. Where necessary, protective clothing and devices are adequately provided for employees.

Free meals of high nutritional value are served at the Company's canteens, whilst transportation facilities to and from their places of work is provided by the Company.

Retirement benefits scheme is operated for all qualified employees of the Company in accordance with the Pension Reform Act 2004 as amended.

EMPLOYEES INVOLVEMENT AND TRAINING

In keeping with the Company's policy, which enhances industrial peace and harmony, employees are consulted and involved in decisions that affect their current jobs or future prospects.

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REPORT OF THE DIRECTORS

Training opportunities are provided both locally and abroad.

AUDITORS

Messrs. PricewaterhouseCoopers, having indicated their willingness will continue in office as Auditors of the Company in accordance with section 35(2) of the Companies and Allied Matters Act.

BY ORDER OF THE BOARD

Chris Ogunbanjo Nominees Limited
CHRIS OGUNBANJO NOMINEES LIMITED
Company Secretary

29-06-2018.....2018

FRIGOGLOSS WEST AFRICA LIMITED
Annual report and financial statements
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Statement of directors' responsibilities

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that show (a) a true and fair view of the state of financial affairs of the company at the end of the year and of the profit or loss, and (b) the financial position of the company.

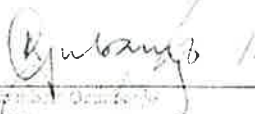
- (a) to ensure that the Company keeps proper accounting records that disclose with reasonable accuracy at all times the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;
- (b) to defend, represent and indemnify the company against all claims, demands, actions, suits, proceedings and proceedings in law or equity, that are brought against the company in respect of its directors' duties of office and
- (c) regarding the company's financial statements, to ensure that such financial statements are prepared in accordance with the provisions of the Companies and Allied Matters Act and that the accounting records are kept in accordance with the provisions of the Companies and Allied Matters Act.

For all intents and purposes, the financial statements of the company are prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, and are an accurate and fair statement of the company's financial position.


The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors accept responsibility for the maintenance of accounting records that may be required for the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company did not continue going concern for the financial year ended 31 December 2017.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



 Mr. James Oduro
 Chairman
 FRM 0013/2018
 29/6/18 2018



 Mr. John Oduro
 Managing Director
 29/6/18 2018



Independent auditor's report

To the Members of Frigoglass West Africa Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Frigoglass West Africa Limited ("the company") as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Frigoglass West Africa Limited's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter – going concern

We draw attention to Note 25 to the financial statements, which indicates that the Company incurred a net loss of N214.9 million during the year ended 31 December 2017 and as of that date, the Company had negative shareholders' fund of N149.1 million and net current liability of N843.4 million. These events, along with other matters as set forth in Note 25, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the *Directors Report, Statement of Directors' Responsibilities, Statement of value added and Three Year Financial Summary* but does not include the financial statements and our auditor's report thereon.



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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's 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 and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Companies and Allied Matters Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our



conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/0000001143



6 July 2018

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Statement of profit or loss and other comprehensive income

	Note	2017 N'000	2016 N'000
Revenue	5	2,762,023	4,713,810
Cost of sales	6	(2,341,427)	(3,877,909)
Gross profit		420,596	835,901
Operating expenses	6	(104,288)	(152,420)
Other income	8	63,942	161,199
Net foreign exchange loss	9	(393,840)	(1,392,800)
Operating loss		(13,591)	(548,120)
Finance income	10	25,777	55,177
Finance cost	10	(227,183)	(9,168)
Finance (cost)/income- net	10	(201,406)	46,009
Loss before income tax		(214,997)	(502,111)
Income tax credit	11	-	266,097
Loss for the year		(214,997)	(236,014)
Other comprehensive income:			
Remeasurement gain on employee benefit obligation	20	-	20,821
Deferred tax credit on remeasurement loss on employee benefit obligation	21	-	(6,246)
Total items that will not be reclassified to profit or loss		-	14,575
Other comprehensive income for the year net of tax		-	14,575
Total comprehensive loss for the year		(214,997)	(221,439)
Earnings per share for loss attributable to the equity holders of the company			
Basic and diluted EPS (Naira)	12	(0.25)	(0.27)

The notes on pages 13 to 33 are an integral part of these financial statements.

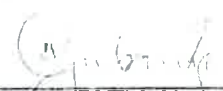
FRIGOGLASS WEST AFRICA LIMITED
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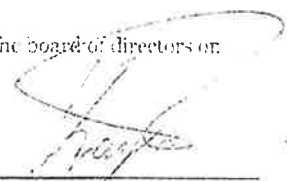
Statement of financial position

	Note	2017 N'000	2016 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	351,108	200,130
Deferred tax assets	21	414,500	414,500
Intangible assets	13	13,192	11,501
Total non-current assets		778,800	626,131
Current assets			
Inventories	15	2,420,618	901,531
Trade and other receivables	15	2,034,255	3,318,751
Cash and cash equivalents	17	211,013	18,212
Total current assets		4,665,886	4,238,494
Total assets		5,444,686	5,064,625
Liabilities			
Non-current liabilities			
Employee benefit obligation	20	82,284	70,858
Total non-current liabilities		82,284	70,858
Current liabilities			
Trade and other payables	18	5,328,343	6,142,701
Current income tax liabilities	19	-	131,000
Total current liabilities		5,328,343	6,273,701
Total liabilities		5,410,627	6,344,559
Equity			
Ordinary share capital	22	130,000	130,000
Retained earnings		(579,111)	(509,111)
Total equity		(449,111)	(379,111)
Total equity and liabilities		5,444,686	5,064,625

The notes on pages 13 to 33 are an integral part of these financial statements.

The financial statements on pages 9 to 35 were approved and authorised for issue by the board of directors on 29 June 2018 and were signed on its behalf by:


Mr. Abimbola Ogunbanjo
Chairman
FRC/2013, NBA/00000004358


Mr. Elias Koutsofianis
Managing Director

FRIGOGLASS WEST AFRICA LIMITED
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Statement of changes in equity	Attributable to owners of the company		
	Share capital N'ooo	Retained earnings N'ooo	Total N'ooo
At 1 January 2016	430,000	(142,673)	287,327
Loss for the year	-	(221,442)	(221,442)
Total comprehensive loss for the year	-	(221,442)	(221,442)
At 31 December 2016	430,000	(364,115)	65,885
At 1 January 2017	430,000	(364,115)	65,885
Loss for the year	-	(214,996)	(214,996)
Total comprehensive loss for the year	-	(214,996)	(214,996)
At 31 December 2017	430,000	(579,111)	(149,111)

The notes on pages 13 to 33 are an integral part of these financial statements.

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Statement of cash flows

	Note	2017 N'000	2016 N'000
Cash flows from operating activities			
Cash used in operations	23	(1,104,937)	(285,580)
Tax paid	19	(136,696)	(141,998)
Employee retirement benefit obligation paid	20	(4,596)	(21,479)
Net cash used in operating activities		(1,246,229)	(449,057)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(169,650)	(51,193)
Purchase of intangible assets	13	(5,751)	-
Proceeds from sale of Property, Plant and equipment	23	651	26,790
Interest received	10	25,777	55,177
Net cash (used in)/generated from investing activities		(148,973)	30,774
Cash flows from financing activities			
Interest paid	10	(227,183)	(9,168)
Net cash used in financing activities		(227,183)	(9,168)
Net decrease in cash and cash equivalents		(1,622,384)	(427,451)
Cash and cash equivalents at the beginning of the year		1,833,427	2,260,878
Cash and cash equivalents at the end of the year	17	211,043	1,833,427

The notes on pages 13 to 33 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Frigoglass West Africa Limited was incorporated on 13 May 2015 and commenced operation on 1 September 2015. The company's principal activity is the assembling and sale of ice cold merchandise, (ICM). The Company is incorporated and domiciled in Nigeria and the address of its registered office is 2, Iddo House, Iddo P.O. Box 159 Lagos Nigeria.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Directors believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

The financial statements were authorised for issue by the Board of Directors on 2018

The financial statements have been prepared using a rounding level of N1000.

2.1.1 Going concern

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention except otherwise stated (See Note 25).

2.1.2 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Company

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 January 2017:

Amendments to IAS 7 Statements of Cash Flows: "Disclosure Initiative". The amendments require an entity to provide disclosures that enable users of financial statement to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are effective from 1 January 2017.

Amendments to IAS 12 Income Taxes: "Recognition of Deferred Tax Assets for Unrealised Losses" • The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value (e.g. investment in bonds classified as available-for-sale financial assets or measured at fair value through OCI (FVTOC) under IFRS 9). In this regard, deferred tax asset should be computed for unrealised losses on such debt instruments regardless of how the debt instrument is realised (held to collect cash flows or sale). Also, the amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments are effective from 1 January 2017.

(b) New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and beyond, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company has conducted impact assessment on the adoption of IFRS 9 for 2017 and assessment has shown no material impact.

Notes to the financial statements (continued)

2.1.2 Changes in accounting policies and disclosures (continued)

(b) New standards, amendments and interpretations issued but not yet effective (continued)

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The company has conducted impact assessment on the adoption of IFRS 15 for 2017 and impact was insignificant.

IFRS 16, 'Leases' was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for accounting periods beginning on or after 1 January 2019. The company is currently assessing the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company in the current or future reporting period and on foreseeable future transactions.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of Frigoglass West Africa is the Nigeria Naira (N).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the foreign exchange gain in profit or loss.

2.3 Property, plant and equipment

Land and assets under construction are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	<i>Useful Life</i>
Buildings 3%	33.33
Plant and machinery:	
- Factory equipment and tools 15%	6.67
- Other plant and machinery 10%	10
Motor vehicles 20%	5
Furniture, Fittings and equipment:	
- Office and house equipment 15%	6.67
- Household furniture and fittings 20%	5
- Computer equipment 25%	4

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

In the case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by the difference between the sales proceeds and the carrying amount of the asset. These gains and losses are included in profit or loss.

Interest costs on borrowings specifically used to finance the acquisition of property, plant and equipment are capitalized during the period of time required to prepare and complete the asset for its intended use. Other borrowing costs are recorded in the profit or loss as expenses. There have been no qualifying assets in both periods presented in the financial statements.

Notes to the financial statements (continued)

2.4 Intangible assets

Computer software

Capitalized software licenses are acquired and carried at acquisition cost less accumulated amortization, less any accumulated impairment. They are amortized using the straight-line method over five (5) years. Computer software maintenance costs are recognized as expenses in the profit or loss as incurred.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life not subject to amortisation 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 costs to sell 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).

2.6 Financial assets

Financial assets are recognized when the company becomes a party to the contractual provisions of the instrument.

2.6.1 Classification

Management determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

The Company did not own any financial assets that can be classified as fair value through profit and loss or available-for-sale financial assets during the periods presented in these financial statements.

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 reporting date, which are classified as non-current assets. Loans and receivables comprise trade and other receivables, loans to subsidiaries and cash and cash equivalents in the statement of financial position.

2.6.2 Recognition and measurement

Loans and receivables are initially recognised at fair value, subsequently they are carried at amortised cost using the effective interest method.

2.6.3 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a 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 an event that occurred after the initial recognition of the asset and that loss event 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 debtor is experiencing financial difficulty, default in interest or principal payments, or the probability that they will enter bankruptcy and where there is an indication of a decrease in the estimated future cash flows.

For loans and receivables, the amount of the loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows. The carrying amount is reduced and the loss is recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Notes to the financial statements (continued)

2.7 Financial liabilities

Financial liabilities are recorded at amortized cost. This include trade and other payables and bank overdrafts.

Recognition and measurement

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Bank debts are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Derecognition of financial instruments

Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments or settle obligations have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Offsetting financial instruments

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

2.8 Inventories

Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition.

The cost of engineering spares and raw materials is determined using the weighted average method.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.9 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment for trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. The recoverable amount, if the receivable is more than one year is equal to the present value of expected cash flows, discounted at the market rate of interest applicable to similar borrowers. The amount of the provision is recognized as an expense in profit or loss.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in profit or loss.

2.10 Cash, cash equivalents and bank overdrafts

Cash and cash equivalent include cash on hand and deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

2.11 (a) Borrowings

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

Notes to the financial statements (continued)

(b) Borrowing cost

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

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

No borrowing costs were capitalised in 2017 as there were no qualifying assets.

2.12 Trade payables

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

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

2.13 Current and deferred income tax

The tax for the period comprises current, education 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 profit or loss 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

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 Company intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.14 Employee benefits obligation

The company operates both the defined benefit (gratuity) and defined contribution pension plans for its employees.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company 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.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Notes to the financial statements (continued)

2.14 Employee benefits obligation (continued)

The liability recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Federal Government of Nigeria bonds.

The current service cost of the defined benefit gratuity plan is recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.15 Revenue recognition

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied stated net of discounts, returns and value added taxes.

Sale of goods

Sale of ICM products arises from both domestic and foreign sales to third parties. Revenue from the sale of goods is recognized when the significant risks and rewards of owning the goods are transferred to the buyer. Where goods are picked up by customers, risk is transferred immediately. Where goods are delivered, the Company bears the risk in transit and the risk transfers when the goods are delivered. For export sales risk and rewards transfer when goods are loaded.

2.16 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2.17 Cost of sales

Cost of sales includes the cost of manufacturing finished goods inventory (including depreciation, amortization and impairment charges), costs related to transportation, impairment, the allowance for doubtful accounts and inventory write-downs.

2.18 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. 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.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the financial statements (continued)

2.20 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The cash flows from investing and financing activities are determined by using the direct method. The Company's assignment of the cash flows to operating, investing and financing category depends on the Company's business model (management approach).

2.21 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial instruments and risk management

3.1 Financial risk factors

The Company's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. The objective of the Company's risk management programme is to minimise potential adverse impacts on the Company's financial performance.

Risk management is carried out in line with policies approved by the board of directors. The board provides written principles for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is the responsibility of the Treasury manager, which aims to effectively manage the financial risk of Frigoglass West Africa Nigeria Limited, according to the policies approved by the Board of Directors. The treasury manager identifies and monitors financial risk. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange, interest rates and credit risks, use of financial instruments and investment of excess liquidity.

The Company's financial instruments consist of trade and other receivables and trade and other payables, bank borrowings and overdraft and cash and cash equivalents. In addition, the Company has loan to subsidiary.

3.1.1 Market risk

Market risk is the risk that movements in market rates, including foreign exchange rates, and commodity prices will reduce the Company's income. The management of market risk is undertaken using risk limits approved by the operating unit finance directors under delegated authority.

(a) Foreign exchange risk

The Company is exposed to foreign exchange risks from some of its commercial transactions and recognised assets. The Company buys and imports some of the raw materials used for production, the payments for which are made in US Dollars. Receipts for sales of finished goods in Nigeria are in Naira whilst receipts for sales of finished goods to other countries are in US dollars. The Company makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US dollar.

Management's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions.

	2017 USD'000	2017 EURO'000	2016 USD'000	2016 EURO'000
Financial assets				
Cash and cash equivalent	2	2	-	3
Related parties receivables	185	359	573	932
	<u>187</u>	<u>361</u>	<u>573</u>	<u>935</u>
Financial liabilities				
Trade payables			-	-
Related parties payable	2,005	6,588	4,897	9,117
	<u>2,005</u>	<u>6,588</u>	<u>4,897</u>	<u>9,117</u>
Net amount	<u>(1,817)</u>	<u>(6,227)</u>	<u>(4,324)</u>	<u>(8,182)</u>

Notes to the financial statements (continued)

3 Financial instruments and risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

	2017 N'000	2017 N'000	2016 N'000	2016 N'000
15 percent strengthening of the Naira to USD/EURO	83,145	341,867	197,877	394,692
15 percent weakening of the Naira to USD/EURO	(83,145)	(341,867)	(197,877)	(394,692)
Reporting date Spot rate of 1USD/EURO to Naira	2017 305	2017 366	2016 305	2016 322

The above analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period but it has no impact on equity. The analysis assumes that all other variables remain constant.

(b) Interest rate risk

The Company's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits. The Company, Frigoglass does not have any borrowings.

(c) Price risk

The Company is not exposed to price risk as it does not hold any equity instruments.

3.1.2 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Company uses policies to ensure that sales of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks. At year end, Frigoglass West Africa Limited considered that there were no material credit risks that had not been covered by doubtful debt provisions.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

The maximum exposure to credit risk for trade receivables approximates the amount recognized on the statement of financial position. The Company does not hold any collateral as security.

The table below analyses the company's financial assets into relevant maturity groupings as at the reporting date.

31 December 2017 Financial assets:	Neither past due nor impaired N'000	Past due but not impaired			Total N'000
		Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	
Cash and cash equivalents (note 17)	211,043	-	-	-	211,043
Trade receivables (note 16)	1,298,140	163,749	132	63	1,462,084
Receivables from related parties (note 16)	189,215	-	-	-	189,215
Staff advances (note 16)	7,604	-	-	-	7,604
	1,706,002	163,749	132	63	1,869,946

Notes to the financial statements (continued)

3 Financial instruments and risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

31 December 2016	Neither past due nor impaired N'000	Past due but not impaired			Total N'000
		Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	
Financial assets:					
Cash and cash equivalents (note 17)	1,833,427	-	-	-	1,833,427
Trade receivables (note 16)	712,603	1,134,470	494,486	1,639	2,343,198
Receivables from related parties (note 16)	688,977	-	-	-	688,977
Staff advances (note 16)	5,789	-	-	-	5,789
	<u>3,240,796</u>	<u>1,134,470</u>	<u>494,486</u>	<u>1,639</u>	<u>4,871,391</u>

Cash and short-term investments all fall under neither past due nor impaired and are not rated.

An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

Credit rating	2017	2016
	N'000	N'000
AAA	202,920	1,811,087
B	8,031	22,289
Unrated-Cash	92	51
	<u>211,043</u>	<u>1,833,427</u>

The credit ratings is by Fitch and below are the interpretations of the ratings

AAA: A financial institution of very good condition and strong capacity to meet its obligations as and when due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a slight increase the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as at when due remain strong.

B: A financial institution with ratings that indicate material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

Neither past due nor impaired

Credit quality of financial assets (Trade receivables, Receivables from related parties and Staff advances)

The credit quality of financial assets (Trade receivables, Receivables from related parties and Staff advances) that are neither past due nor impaired can be assessed by reference to the internal rating provided by the finance department:

Internal rating categories

	2017	2016
	N'000	N'000
Group A	1,298,140	712,603
Group B	7,604	5,789
	<u>1,305,744</u>	<u>718,392</u>

Trade debtors are categorised by the sales and marketing team. This classification is based on the net worth of the customers and volume of sales.

Group A These are sales to Nigerian Bottling Company (NBC). Over 60% of sales is attributable to this category.

Group B All other sales.

3.1.3 **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times so that the Company does not breach borrowing limits on any of its borrowing facilities. The Company manages liquidity risk by effective working capital and cash flow management.

Notes to the financial statements (continued)

3 Financial instruments and risk management (continued)

3.1 Financial risk factors (continued)

3.1.3 Liquidity risk (continued)

Frigoglass West Africa Limited invests its surplus cash in interest bearing current accounts.

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

	Less than 1yr N'000	Total N'000
Trade and other payables (note 18)	5,528,343	5,528,343
	<u>5,528,343</u>	<u>5,528,343</u>

	Less than 1yr N'000	Total N'000
Trade and other payables (note 18)	6,142,701	6,142,701
	<u>6,142,701</u>	<u>6,142,701</u>

3.2 Capital risk management

The objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

Consistent with others in the industry, the Company monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

3.3 Financial instruments which are carried at other than fair value

The carrying value of all financial assets and financial liabilities is a reasonable approximation of fair value. No further disclosure is required.

4 Critical accounting estimates and judgments

Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on directors experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgments and estimates made in the preparation of the financial statements is shown below.

Depreciation

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on directors estimates of the period over which the assets will generate revenue and are periodically reviewed for continued appropriateness. Due to the long life of certain assets and the value of plant and machinery carried in the financial statements, changes to the estimates used can result in significant variations in the carrying value.

Deferred tax

Deferred tax is the tax expected to be payable on differences between the carrying amounts of liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other liabilities in a transaction that affects neither the tax profit nor the accounting profit. Management has calculated the deferred tax liability based on estimated amounts of underlying transactions. Actual amounts may differ from estimated balances.

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Notes to the financial statements (continued)

5 Revenue	2017	2016
	N'000	N'000
Ice cold merchandisers (ICM)	2,208,406	4,056,267
Logistics revenue	20,864	50,072
Servicing of coolers	532,753	607,471
	<u>2,762,023</u>	<u>4,713,810</u>
6 Expenses	2017	2016
	N'000	N'000
Cost of sales		
Purchases	1,851,107	3,525,673
Depreciation (Note 14)	27,505	28,000
Factory salaries and wages (Note 7)	93,051	71,665
Fuel, gas and electricity	8,963	7,987
Other factory overheads	360,801	244,584
Total cost of sales	<u>2,341,427</u>	<u>3,877,909</u>
Operating expenses		
Amortisation (Note 13)	4,361	4,257
Directors' remuneration (Note 7e)	345	910
Auditors remuneration	4,924	4,200
Salaries and wages (Note 7)	34,238	29,382
Head office administrative charge	30,000	30,000
Travel and transportation	1,798	2,127
Other administrative expenses	28,622	81,544
Total operating expenses	<u>104,288</u>	<u>152,420</u>
Total cost of sales and operating expenses	<u>2,445,715</u>	<u>4,030,329</u>
7 Particulars of directors and staff	2017	2016
	N'000	N'000
a. Employee costs		
Wages and salaries	109,068	81,994
Interest on employee benefit obligation (Note 20)	7,144	10,678
Current service cost of employee benefit obligation (Note 20)	11,077	8,375
	<u>127,289</u>	<u>101,047</u>
Employee cost is recognised in the financial statements as follows:		
Cost of sales	93,051	71,665
Administrative	34,238	29,382
	<u>127,289</u>	<u>101,047</u>

Notes to the financial statements (continued)

Particulars of directors and staff

b The average number of persons, excluding directors, employed by the company during the year was as follows:

	2017 Number	2016 Number
Management	4	4
Factory	73	46
Sales and Administration	8	8
	<u>85</u>	<u>58</u>

c The number of employees in Nigeria with gross emoluments excluding retirement benefits within the bands stated below were:

	2017 Number	2016 Number
N800,001 - N1,000,000	34	-
N1,000,001 - N1,200,000	19	-
N1,200,001 - N1,400,000	12	-
N1,400,001 - N1,600,000	4	-
N1,600,001 - N1,800,000	6	3
N1,800,001 - N2,000,000	3	26
N2,000,001 - N2,500,000	1	19
N2,500,001 - N3,000,000	2	3
N3,000,001 - N3,500,000	1	2
N3,500,001 - N4,000,000	1	2
N4,000,001 - N4,500,000	-	1
N4,500,001 - N5,000,000	1	1
Over 5 million	<u>1</u>	<u>1</u>
	<u>85</u>	<u>58</u>

d Remuneration of key management personnel

Key management personnel includes the Board of directors (executive and non executive). The compensation paid or payable to key management for employee services is shown below:

	2017 N'000	2016 N'000
Fees for services as directors	345	910
Sitting allowance	110	110
	<u>455</u>	<u>1,020</u>

e The number of directors of the Company based on range emolument is as below:

	2017 Number	2016 Number
Directors with no emoluments	<u>5</u>	<u>5</u>

Directors with no emoluments waived their right to receive remuneration from the company

	2017 N'000	2016 N'000
Amount paid to the highest paid director	<u>345</u>	<u>910</u>
Amount paid to Chairman	<u>345</u>	<u>-</u>

The Managing Director is the only member of management team on the board and he earns no salary from the company. His salary is paid by Frigoglass Industries Nigeria Limited - a related company.

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Notes to the financial statements (continued)

8 Other income

	2017	2016
	N'000	N'000
Profit on disposal of property plant and equipment (Note 23)	181	674
Sundry income	63,761	160,525
	<u>63,942</u>	<u>161,199</u>

9 Foreign exchange

	2017	2016
	N'000	N'000
Foreign exchange loss	393,840	1,392,800
Net foreign exchange loss	<u>393,840</u>	<u>1,392,800</u>

10 Finance income and cost

	2017	2016
	N'000	N'000
Finance income		
Bank interest income	25,777	55,177
Finance cost		
Interest expense	(227,183)	(9,168)
Net finance income	<u>(201,406)</u>	<u>46,009</u>

11 Income tax expense

	2017	2016
	N'000	N'000
Income tax	-	127,425
Education tax	-	9,271
	-	136,696
Deferred tax write back (Note 21)	-	(402,793)
Tax expense	<u>-</u>	<u>(266,097)</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

Effective tax reconciliation

	2017	2016
	N'000	N'000
Loss before tax	(214,997)	(502,111)
Income tax using the domestic corporation tax rate of 30%	(64,499)	(150,633)
Tax effects of:		
Education tax	-	9,271
Diallowable expenses due to timing difference	-	(119,131)
Diallowable permanent differences items	-	6,300
Effect of tax incentive- Permanent capital contribution	-	(122)
Effect of tax incentive	-	(11,781)
Tax losses for which no deferred tax asset has been recognised	64,499	-
Total income tax expense in statement of profit or loss	<u>-</u>	<u>(266,096)</u>

Notes to the financial statements (continued)

12 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	2017	2016
	N'000	N'000
Loss attributable to shareholders of the Company - N'000	<u>(214,997)</u>	<u>(236,014)</u>
Weighted average number of ordinary shares in issue - '000	<u>860,000</u>	<u>860,000</u>
Basic Earnings per share (Naira)	<u>(0.25)</u>	<u>(0.27)</u>

Diluted EPS is the same as the Basic EPS as there are no potential securities convertible to ordinary shares

13 Intangible assets

	2017	2016
	N'000	N'000
Cost		
At 1 January	20,425	20,425
Transfer from related party	-	-
Additions	5,751	-
Write-off	-	-
As at 31 December	<u>26,176</u>	<u>20,425</u>
Accumulated amortisation and impairment:		
At 1 January	8,623	4,367
Amortisation charge for the year	4,361	4,257
As at 31 December	<u>12,984</u>	<u>8,624</u>
Net book values		
At 31 December	<u>13,192</u>	<u>11,801</u>

The remaining amortization period of the intangible asset is between 3 and 4 years.

14 Property, plant and equipment (See page 33)

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Notes to the financial statements (continued)

15 Inventory

	2017	2016
	N'000	N'000
Raw materials	105,286	97,497
Work-in-progress	24,697	6,649
Finished goods	167,650	185,151
Spare parts and consumables	<u>126,244</u>	<u>188,262</u>
	423,877	477,559
Goods in transit	<u>2,015,741</u>	<u>123,972</u>
	<u><u>2,439,618</u></u>	<u><u>601,531</u></u>

Analysis of value of inventories included in cost of sales or written off and charged to profit or loss is as follows:

	2017	2016
	N'000	N'000
Cost of inventories included in cost of sales	<u>1,851,107</u>	<u>3,525,673</u>
	<u><u>1,851,107</u></u>	<u><u>3,525,673</u></u>

16 Trade and other receivables

	2017	2016
	N'000	N'000
Trade receivables	1,462,084	2,343,198
Prepayments	37,170	16,649
Other receivables	338,181	264,138
Staff advances	7,604	5,789
Due from related companies (Note 24)	<u>189,215</u>	<u>688,977</u>
Total	<u><u>2,034,255</u></u>	<u><u>3,318,751</u></u>

There was no impairment on trade receivables at year end. All trade receivables are current. Amortised cost of trade and other receivables approximate fair values.

17 Cash and cash equivalents

	2017	2016
	N'000	N'000
Cash at bank	210,951	1,833,376
Cash in hand	<u>92</u>	<u>51</u>
Cash and cash equivalents	<u><u>211,043</u></u>	<u><u>1,833,427</u></u>

For the purpose of the cash flow statement, cash and cash equivalents comprise of: cash in hand, cash at bank and bank overdraft.

18 Trade and other payables

	2017	2016
	N'000	N'000
Trade creditors	8,743	1,007
Other creditors and accruals	300,398	377,123
Due to related companies (Note 24)	<u>5,219,202</u>	<u>5,764,571</u>
	<u><u>5,528,343</u></u>	<u><u>6,142,701</u></u>

All trade payables are due within twelve (12) months.

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Notes to the financial statements (continued)

19 Tax payable	2017	2016
	N'000	N'000
The movement in tax payable is as follows:		
At 1 January	136,696	141,998
Charge for the year (Note 11)	-	136,696
Payment during the year	<u>(136,696)</u>	<u>(141,998)</u>
At 31 December	<u><u>-</u></u>	<u><u>136,696</u></u>

20 Employee benefit obligation

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements:

	2017	2016
	N'000	N'000
Statement of financial position obligations for:		
Post-employment benefit	84,484	70,858
Liability in the statement of financial position	<u><u>84,484</u></u>	<u><u>70,858</u></u>

Charge to statement of comprehensive income included in employee benefits expense for:

	2017	2016
	N'000	N'000
Post-employment benefit	<u><u>18,221</u></u>	<u><u>19,053</u></u>
Remeasurements for:		
Post-employment benefit	-	(20,821)
	<u><u>-</u></u>	<u><u>(20,821)</u></u>

The provision for gratuity was based on independent actuarial valuation performed by independent actuaries using the projected unit credit method. The company does not maintain any assets for the gratuity plan but ensures that it has sufficient funds for the obligations as they crystallize.

The amounts recognised in the statement of financial position are determined as follows:

	2017	2016
	N'000	N'000
Present value of obligations (unfunded)	<u><u>84,484</u></u>	<u><u>70,858</u></u>

The movement in the defined benefit obligation over the year is as follows:

	2017	2016
	N'000	N'000
Balance at the beginning of the year	70,859	89,847
Charge during the period:		
Current service cost (Note 7a)	11,077	8,375
Interest for the year (Note 7a)	<u>7,144</u>	<u>10,678</u>
Charge to statement of comprehensive income	18,221	19,053
Transfer from related party	-	4,258
Total	<u><u>89,080</u></u>	<u><u>113,158</u></u>
Remeasurements:		
Actuarial gains - change in financial assumption	4,790	(3,329)
Actuarial losses - experience adjustment	<u>(4,790)</u>	<u>(17,492)</u>
	<u><u>-</u></u>	<u><u>(20,821)</u></u>
Payments from plan:		
Benefits paid by the employer	<u>(4,596)</u>	<u>(21,479)</u>
At 31 December	<u><u>84,484</u></u>	<u><u>70,858</u></u>

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Notes to the financial statements (continued)

20 Employee benefit obligation (continued)

The significant actuarial assumptions were as follows:

	2017	2016
Discount rate (p.a.)	14%	12%
Future average pay increase (p.a.)	14%	12%
Average rate of inflation (p.a.)	12%	9%

The next valuation date is due as at 31 December 2017

		2017	2016
		N'000	N'000
The sensitivity analysis on the accrued liability as at 31 December 2016 is as follows:			
Discount rate	+0.5% +0.5%	83,059	69,773
Discount rate	-0.5% -0.5%	85,998	72,003
Salary increase	+0.5% +0.5%	86,289	72,277
Salary decrease	-0.5% -0.5%	82,759	69,501
Mortality experience	Age rated up by 1 year	84,551	70,815
Mortality experience	Age rated down by 1 year	84,409	70,897

21 Deferred tax assets

The analysis of deferred tax asset is as follows:

	2017	2016
	N'000	N'000
Deferred tax asset:		
- To be recovered after 12 months	414,500	414,500
	<u>414,500</u>	<u>414,500</u>

The movement in deferred tax asset is as follows:

	2017	2016
	N'000	N'000
At start	414,500	17,953
Charge on actuarial gain from other comprehensive income	-	(6,246)
Credit to profit or loss (Note 11)	-	402,793
At 31 December	<u>414,500</u>	<u>414,500</u>

Deferred tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised. The Company has not recognised deferred income tax asset amounting to N67.8 million (2016: Nil). Had the total deferred income tax asset been recognised, deferred income tax asset as at 31 December 2017 would have been N482.3 million.

	Fixed assets	Employee benefit obligation	Provisions	Total
	N'000	N'000	N'000	N'000
At 1 January 2017	(50,490)	(6,246)	471,236	414,500
Transferred from related party	-	-	-	-
Credited to the profit or loss and OCI	-	-	-	-
At 31 December 2017	<u>(50,490)</u>	<u>(6,246)</u>	<u>471,236</u>	<u>414,500</u>
At 1 January 2016	(58,213)	-	76,166	17,953
Transferred from related party	-	-	-	-
Credited to the profit or loss and OCI	7,723	(6,246)	395,070	395,547
At 31 December 2016	<u>(50,490)</u>	<u>(6,246)</u>	<u>471,236</u>	<u>414,500</u>

22 Share capital

Authorised:

	2017	2016
	N'000	N'000
860,000,000 ordinary shares of 50kobo each	<u>430,000</u>	<u>430,000</u>
Allotted, called up and fully paid:		
860,000,000 ordinary shares of 50k each	<u>430,000</u>	<u>430,000</u>

Notes to the financial statements (continued)

23 Cash generated from operating activities

	2017	2016
	N'000	N'000
Cash flows from operating activities		
Loss before tax	(214,997)	(502,111)
Adjustment for:		
Depreciation (Note 14)	51,219	40,822
Amortisation charges (Note 13)	4,361	4,257
Profit on disposal of property, plant and equipment	(181)	(674)
Interest on employee benefit obligation (Note 7a)	7,144	10,678
Current service costs on other employee benefit obligation	11,077	8,375
Finance income (Note 10)	(25,777)	(55,177)
Finance cost (Note 10)	227,183	9,168
Employee Benefit obligation transferred from related party (Note 20)	-	4,258
Changes in working capital:		
Decrease/(increase) in trade and other receivables	1,284,499	(1,529,918)
(Increase)/decrease in inventory	(1,835,106)	182,381
(Decrease)/increase in trade and other payables	(614,358)	1,542,361
Net cash used in operations	<u>(1,104,937)</u>	<u>(285,580)</u>

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

Net book amount (Note 14)	470	26,116
Profit on disposal of property, plant and equipment (Note 8)	181	674
Proceeds from disposal of property, plant and equipment	<u>651</u>	<u>26,790</u>

24 Related parties

The Company is owned by Froginvest Holdings B.V Netherlands with over 76% of its shares. The ultimate parent company is Frigoglass S.A.I.C and the company is thus related to other subsidiaries of Frigoglass S.A.I.C through common shareholdings or common directorships. Transactions arising from dealings with related parties are as detailed below.

The following companies are related parties of Frigoglass West Africa Limited:

Frigoglass S.A.I.C - Ultimate parent and ultimate controlling party
 Froginvest Holdings B.V Netherlands - Intermediate parent company
 Nigerian Bottling Company - Shareholder

a Remuneration of key management personnel

Key management personnel includes the Board of directors (executive and non executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown in Note 7.

b Transactions with related parties

The following transactions took place between the Company and its related parties during the year:

c(i) Sales of goods and services

	2017	2016
	N'000	N'000
Sales of goods:		
Nigerian Bottling Company	<u>1,447,988</u>	<u>2,347,004</u>

Goods are sold based on the price lists in force and credit period ranging from 30 to 60 days

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Notes to the financial statements (continued)

c(ii) Purchases of goods and services

	2017	2016
	N'000	N'000
Purchases of goods:		
Frigoglass Romania	2,379,060	1,566,465
Frigoglass Indonesia	586,341	179,955
Frigoglass China	-	395,326
Frigoglass India	3,213	22,569
Frigoglass Kato - Achaia	60,042	23,994
Frigoglass South Africa	11,711	41,397
Frigoglass Kenya	-	33
Frigoglass Eurasia	-	206,105
Purchase of services:	-	-
Frigoglass Industries Nigeria Limited	30,000	30,000
	3,070,367	2,465,844

Purchases of goods and services are from companies with common ultimate parent and ultimate controlling party

d Due to related companies

This represents balance due to related parties as at year end:

	2017	2016
Description	N'000	N'000
Kato Achaia (Plant & SO Hellas)	116,793	50,893
Frigoglass Romania -Plant	1,863,354	1,956,980
Frigoglass Eurasia (Plant & SO)	40,615	236,363
Frigoglass Indonesia (Plant & SO)	409,864	650,126
Frigoglass South Africa (Plant & SO)	128,502	209,872
Frigoglass East Africa Ltd. - Kenya	215	-
Frigoglass China (Plant & SO)	-	582,998
Frigoglass India (Plant & SO)	465,970	740,857
Frigoglass Kenya (Plant & SO)	-	213
Frigoglass Industries Nigeria LTD. HO Lagos	2,193,890	-
Beta Glass -Delta Plant	-	1,029,272
Beta Glass -Guinea Plant	-	306,997
	5,219,202	5,764,571

e Due from related companies

This represents the balance due from related parties as at year end:

	2017	2016
Description	N'000	N'000
Kato Achaia (Plant & SO Hellas)	5,411	4,751
Frigoglass Romania -Plant	88,997	76,176
Frigoglass Indonesia (Plant & SO)	-	180,829
Frigoglass South Africa (Plant & SO)	61,019	59,990
Frigoglass China (Plant & SO)	-	124,782
Frigoglass India (Plant & SO)	25,267	-
FINL-Crowns Plant-Nigeria	504	21,716
FINL-Plastics Agbara Plant	653	653
Beta Glass -Delta Plant	64	64
Beta Glass -Guinea Plant	-	37
Frigoglass Eurasia (Plant & SO)	-	6,276
Frigoglass Industries Nig. Ltd HO Lagos	-	213,703
Frigoglass Russia -Plant	7,301	-
	189,215	688,977

The payables to related parties arise mainly from purchase transactions are due 30 to 60 days after the date of purchase. The payables bear no interest.

Notes to the financial statements (continued)

25 Going concern

The Company made a loss after tax of N214.99 million (31 December 2016: N236.01 million) during the year ended 31 December 2017. Also, the negative shareholders fund and net current liability as of that date were N149.11 million (31 December 2016: positive N65.89 million) and N843.43 million (31 December 2016: N525.69 million) respectively.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The loss incurred is due to the challenges of the start-up phase of the Company's operations. The parent Company has assured the Company of its continued financial and operational support for a period of at least 12 months from the date of approval of these financial statements. Accordingly, in the opinion of the directors, the Company is a going concern, and the financial statements have been prepared under the going concern basis.

Based on the foregoing, the directors are confident that the Company would be in a position to settle all its obligations in the normal course of business and consider it appropriate to prepare the financial statements on the basis of accounting policies applicable to a going concern.

26 Contingent liabilities

The company had no contingent liability as at 31 December 2017 (31 December 2016: Nil).

27 Capital commitments

The company had no capital commitment as at 31 December 2017 (31 December 2016: Nil).

28 Subsequent events

No dividend was declared for the year ended 31 December 2017 (31 December 2016: Nil) and there were no other post balance sheet events which could have had a material effect on the state of affairs of the company as at the year then ended and on the loss for the year then ended on that date which have not been adequately provided for or recognised.

29 Compliance with regulatory bodies

There was no penalty for non-compliance matters with respect to regulatory bodies for the year ended 31 December 2017 (31 December 2016: Nil)

Notes to the financial statements (continued)

14 Property, plant and equipment - 31 December 2017

	Land N'000	Building N'000	Plant and machinery N' 000	Furniture fittings and equipment N' 000	Motor vehicles N' 000	Assets under construction N' 000	Total N' 000
Cost or valuation:							
At 1 January 2017	30,979	191,993	326,767	62,766	74,626	2,983	690,114
Additions	-	-	15,746	3,196	36,951	113,757	169,650
Disposals	-	-	-	(835)	-	-	(835)
Write off/adjustment	-	-	-	-	-	(2,983)	(2,983)
At 31 December 2017	30,979	191,993	342,513	65,127	111,577	113,757	855,946
Depreciation:							
At 1 January 2017	-	85,545	285,832	43,812	38,795	-	453,984
Charge for the year	-	6,305	11,476	6,776	26,662	-	51,219
On disposals	-	-	-	(365)	-	-	(365)
At 31 December 2017	-	91,850	297,308	50,223	65,457	-	504,838
Net book value:							
At 31 December 2017	30,979	100,143	45,205	14,904	46,120	113,757	351,108

Property, plant and equipment - 31 December 2016

	Land N'000	Building N'000	Plant and machinery N' 000	Furniture fittings and equipment N' 000	Motor vehicles N' 000	Assets under construction N' 000	Total N' 000
Cost or valuation:							
At 1 January 2016	30,979	191,993	350,089	57,561	31,918	5,046	667,586
Additions	-	-	2,612	3,599	44,230	752	51,193
Disposals	-	-	(25,934)	(1,209)	(1,522)	-	(28,665)
Reclassifications	-	-	-	2,815	-	(2,815)	-
At 31 December 2016	30,979	191,993	326,767	62,766	74,626	2,983	690,114
Depreciation:							
At 1 January 2016	-	79,240	273,363	38,538	24,570	-	415,711
Charge for the year	-	6,305	12,469	6,302	15,746	-	40,822
On disposals	-	-	-	(1,028)	(1,521)	-	(2,549)
At 31 December 2016	-	85,545	285,832	43,812	38,795	-	453,984
Net book value:							
At 31 December 2016	30,979	106,448	40,935	18,954	35,831	2,983	236,130

Assets under construction represents value of capital work in progress. On completion, the assets will be capitalized and subsequently depreciated.

Included in the charge for the year is N27.51 million (31 December 2016: N28 million) which represents depreciation on motor vehicles, plant and machinery and office equipment used directly in refurbishment/post warranty.

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Statement of value added

	Note	2017		2016	
		N'000	%	N'000	%
Revenue	5	2,762,023		4,713,810	
Finance income	10	25,777		55,177	
Other income	8	63,942		161,199	
Net foreign exchange loss	9	(393,840)		(1,392,800)	
		<u>2,457,902</u>		<u>3,537,386</u>	
Bought in materials and services					
- Imported		(1,851,107)		(3,520,583)	
- Local		(411,741)		(362,710)	
Value added /(consumed)		<u>195,055</u>	100	<u>(345,907)</u>	100
Applied as follows:					
To pay employees:					
- Wages, salaries and other benefits	7a	127,289	65	101,957	(29)
To pay providers of capital:					
- Finance cost	10	227,183	116	9,168	(3)
To pay government:					
- Income tax expense	11	-	-	(266,097)	77
To provide for enhancement of assets and growth:					
- Depreciation of plant, property and equipment	14	51,219	26	40,822	(12)
- Amortization of intangible assets	13	4,361	2	4,257	(1)
- Loss for the year		(214,997)	(110)	(236,014)	68
Value added /(consumed)		<u>195,055</u>	100	<u>(345,907)</u>	100

Note: Value added statement is not a required disclosure under IFRS

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Three-year financial summary

	2017	2016	2015*
	N'000	N'000	N'000
Financial position			
Capital employed			
Ordinary share capital	430,000	430,000	430,000
Retained loss	(579,111)	(364,115)	(142,673)
Total equity	(149,111)	65,885	287,327
Represented by:			
Non-current assets	778,800	662,431	285,886
Current assets	4,684,916	5,753,709	4,833,626
Current liabilities	(5,528,343)	(6,279,397)	(4,742,337)
Non-current liabilities	(84,484)	(70,858)	(89,848)
Net (liabilities)/assets	(149,111)	65,885	287,327
Net (liabilities)/assets per share	(0.35)	0.15	0.67

Net (liabilities)/assets per share is calculated by dividing net liabilities or net assets of the Company by the number of ordinary shares outstanding at the end of the reporting period.

	2017	2016	2015*
	N'000	N'000	N'000
Financial result			
Revenue	2,762,023	4,713,810	1,265,603
Loss before tax	(214,997)	(502,111)	(56,234)
Tax credit/(charge)	-	266,097	(86,439)
Loss after tax	(214,997)	(236,014)	(142,673)
Loss per N1 share (Naira)	(0.50)	(0.55)	(0.33)

*2015 financial figures is for a four month period (September - December 2015).

