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Beta Glass Plc
Directors' Report, Audited Financial
Statements and Other National Disclosures
For the year ended 31 December 2018

Beta Glass Plc
Directors' Report, Audited Financial Statements and Other National Disclosures
For the year ended 31 December 2018

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BETA GLASS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present to the members of the Company, their Annual Report together with the Audited Financial Statements and Other National Disclosures for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is the manufacture and sale of glassware.

State of affairs

In the opinion of the Directors, the state of the Company's affairs is satisfactory and no events have occurred since the reporting date, which would affect the financial statements as presented.

Results for the year

	2018 N'000	2017 N'000
Revenue	26,321,014	22,186,258
Profit before taxation	7,188,181	5,854,740
Profit after taxation	5,052,805	4,115,142

Appropriation of profit after taxation

The directors recommend to the shareholders, the payment of a gross dividend of ₦1.30 Kobo per 50 kobo ordinary share to all shareholders on the Company's Register of Members as at the close of business on June 14, 2019. If the Directors' recommendation is approved by the shareholders, the profit after taxation of ₦5,052,805,000 will be appropriated as follows:

	2018 N'000
Proposed dividend (Gross)	649,964
Transfer to general reserve	4,402,841

Directors

The directors retiring by rotation in accordance with the Articles of Association are Otunba Abimbola Ogunbanjo, Mr. Darren Bennett-Voci and Mr. Nikolaos Mamoulis and being eligible, offer themselves for re-election.

Record of Directors attendance at meetings

Pursuant to Section 258 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 the records of Directors' attendance at Board meetings during the year under review will be available for inspection at the Annual General Meeting.

BETA GLASS PLC

DIRECTORS' REPORT - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2018

Directors' interests in contracts

Otunba Abimbola Ogunbanjo is the Managing Partner of Chris Ogunbanjo LP., one of the providers of legal services to the Company. In accordance with Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, Otunba Abimbola Ogunbanjo has notified the Board of his interest.

Ms. Olufunmilola Adefope is the Managing Director of Business Travel Management Limited (BTM), one of the providers of travel related services to the Company. In accordance with Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 Ms. Olufunmilola Adefope has notified the Board of her interest.

None of the other Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 of any disclosable interests in contracts involving the Company either as at 31 December 2018 or at the date of this report.

Directors' interests in the Shares of the Company

As at 1 January 2018 and 31 December 2018, the interests of the Directors (and those who served on the Board of the Company during the year under review) in the issued share capital of the Company as recorded in the register of members in compliance to Section 275 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 were as follows:

Number of shares as at	31 December 2018	1 January 2018
Otunba Abimbola Ogunbanjo	-	-
Mr. Darren Bennett-Voci (British)	-	-
Dr. Z. Wuraola Abiola	-	-
Ms. Olufunmilola Adefope (appointed w.e.f. 22/3/18)	-	-
Mr. Olaolu Akerele (resigned w.e.f. 22/3/18)	-	-
Chief Chris Avielele (retired w.e.f. 22/3/18)	27,474	27,474
Mr. Haralambos (Harry) G. David (Cypriot)	25,437	25,437
Mr. Nikolaos Mamoulis (Greek)	-	-
Mr. John Mastoroudes (British)	-	-
Ms. Oluwaseun Abimisola Oni	-	-

* Otunba Abimbola Ogunbanjo has beneficial interest in 105,400 shares held by Turnbull Investments Limited.

Save as disclosed above, the Company is not aware of any other interests of the Directors in the share capital of the Company or of its Holding Company - Frigoglass Industries (Nigeria) Limited as at 31 December 2018 or at the date of this report.

Corporate governance

The directors have striven to maintain its corporate governance, ethics and abide by rules and regulations of the relevant regulatory authorities during the year under review.

BETA GLASS PLC

DIRECTORS' REPORT - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2018

Significant changes in Property, Plant and Equipment

Movements in Property, Plant and Equipment during the year were as shown in Note 14 to the audited financial statements. In the opinion of the Directors, the market value of the Company's Property, Plant and Equipment is not less than the carrying values shown in the Statement of Financial Position.

Acquisition of Own Shares

The company did not acquire own shares during the year ended 31 December 2018 (2017: Nil).

Charitable gifts

In compliance with Section 38(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 the Company did not make any donations or give gifts to any political party, political association or for any political purpose during the year ended 31 December 2018 (2017: Nil).

Corporate social responsibility

It is the policy of the Company to try and consistently improve on some amenities within its host communities. Thus, during the year ended 31 December 2018, the Company accomplished the following:

	2018 N'000
Rehabilitation of dilapidated Ekrerhavwe Community water scheme	3,500
Rehabilitation of Erumokowarin Town Hall	3,000
Provision of chairs and tables for Agbara Community Grammar School	1,417
Co-sponsor of Cancer awareness campaign by Nigerian Stock Exchange	3,500
Total cost	11,417 *****

Employment policies and training

The company's employment policy ensures that opportunities are also given to disabled persons. Disabled applicants are therefore given special consideration for employment having regard to the aptitudes and capabilities of each applicant.

The company also has training programmes designed to ensure that employees who became disabled during their employment are not, for the sake of their disabilities, disadvantaged in their career development in the Company. The company provides overseas and on-the-job technical training for employees' knowledge in glass production technology.

BETA GLASS PLC

DIRECTORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2018

Health, safety and welfare of employees

The company has standard in-plants clinics run by competent and qualified medical personnel where free medical services are provided for all staff. There are also stand-by ambulances for transfer of serious cases of illness to designated hospitals retained by the Company.

The company provides free meals to its employees at the staff canteens.

There are contributory pension/ retirement benefit schemes for both management and junior employees of the Company. The schemes are in compliance with the provisions of the Pensions Reform Act 2014.

Employees' involvement

The company consults with representatives of the workers union on important issues that affect the career of employees and the fortunes of the Company.

Employees' individual suggestions are entertained through the use of suggestion boxes strategically located in the Company's premises.

Employment of Disabled Persons

It is the Company's policy to give special consideration to disabled persons having regard to the individual applicant's aptitudes and abilities. There were no disabled persons in the Company as at year ended 31 December 2018. (2017: Nil).

Employment Equity, Gender Policies and Practices

Our employment and promotion policy ensures equity, and is free from discriminatory bias of gender, ethnic origin, age, marital status, sexual orientation, disability, religion and other diversity issues. This is role modelled throughout our end-to-end employee life cycle process.

Events after the reporting date

A dividend in respect of the year ended 31 December 2018 of ₦1.30 kobo per share, amounting to a total dividend of ₦649,963,600 was proposed at the Board meeting held on 21 March 2019 and subject to approval at the Annual General Meeting.

There were no other event after reporting date which could have had a material effect on the state of affairs of the Company as at 31 December 2018 and on the profit for the year ended on that date which have not been adequately provided for or recognized.

BETA GLASS PLC

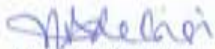
DIRECTORS' REPORT - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2018

Auditors

Messrs. Ernst & Young have indicated their willingness to continue in office as Auditors of the Company in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD



BOLA ADEBISI (MS)

Company Secretary

FRC/2013/NBA/00000002344

IDDO HOUSE, IDDO, LAGOS

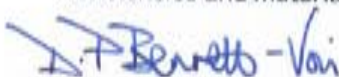
21 March, 2019

BETA GLASS PLC

COMPLIANCE CERTIFICATE ON THE COMPANY'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

We hereby certify that:

- a) We the undersigned have reviewed the Directors' report, audited financial statements of Beta Glass Plc ("the Company) for the year ended 31 December 2018 and other national disclosures.
- b) Based on our knowledge as officers of the Company, the Directors' report, audited financial statements and other national disclosures do not contain:
 - i. any untrue statement of a material fact, or
 - ii. omit to state a material fact, which would make the statement misleading in the light of the circumstances under which the statement was made;
- c) Based on our knowledge, the financial statements and other financial information included in the annual report fairly represent in all material respect, the financial conditions and results of operations of the Company as of, and for the period presented in the report.
- d) We, the undersigned:
 - i. are responsible for establishing and maintaining controls;
 - ii. have designed such internal controls to ensure that material information relating to the Company is made known to us by others within those entities particularly during the period in which the periodic reports are being prepared;
 - iii. have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - iv. have presented in the report our conclusions about the effectiveness of their internal controls based on their evaluation as of that date.
- e) We have disclosed to the external auditors of the Company and the audit committee:
 - i. all significant deficiencies in the design or operation of the internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's Auditors any material weakness in internal controls, and
 - ii. any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.
- f) We have identified in the report whether or not there were significant changes in internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weakness.



Mr. Darren Bennett-Voci
Managing Director
21 March 2019
FRC/2016/IODN/00000015783



Mr. Dhanikonda Shanker
Chief Financial Officer
21 March 2019
FRC/2013/ANAN/00000002336



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DELTA PLANT
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P.M.B. 48, Ughelli, Delta State, Nigeria
Tel: 234-01-9063208
234-01-9063209

GUINEA PLANT
KM 32, Lagos Badagry Express Road,
Agbara Industrial Estate, Ogun State
P. O. Box 2515, Lagos, Nigeria
Tel: 234-01-9063206
234-01-9063207

BETA GLASS PLC

Audit Committee's Report

For the year ended December 31, 2018

In accordance with Section 359(6) of the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011, we have reviewed:

- 1) the scope and planning of the audit requirement;
- 2) the External Auditors' management letter for the year ended December 31, 2018 as well as the Management's responses thereon; and
- 3) ascertained that the accounting and reporting policies of the Company for the year ended December 31, 2018 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended December 31, 2018 together with the audited accounts were satisfactory. We were satisfied with Management's responses to the Auditors findings.

Professor C.A. Osuntogun, OFR
Chairman of the Audit Committee
FRC/2019/CDIR/00000019269

Dated this 19th day of March 2019

Members of the Audit Committee

Prof C. A. Osuntogun	- Chairman
Ms. Oluwaseun Abimisola Oni	- Member
Dr. Zulikat Wuraola Abiola	- Member
Ms. Olufunmilola Adefope	- Member
Chief Simeon A. Odubiyi	- Member
Chief Robert I. Igwe	- Member

BETA GLASS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. This responsibility includes:

- a. ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004;
- b. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board, 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

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 for the year ended 31 December 2018. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



Otunba Abimbola Ogunbanjo
Chairman
21 March 2019
FRC/2013/NBA/00000004358



Mr. Darren Bennett-Voci
Managing Director
21 March 2019
FRC/2016/IODN/00000015783

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BETA GLASS PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Beta Glass Plc which comprise the statement of financial position as at 31 December 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Beta Glass Plc as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 2011.

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 Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Beta Glass Plc. 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 Beta Glass Plc. 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 Auditor's 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 financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.



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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BETA GLASS PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS- CONTINUED**

Key Audit Matter	How the matter was addressed in the audit
<p>Export Expansion Grant Receivables (EEG Receivables) and utilised Negotiable Duty Credit Certificates (Unutilised NDCC)</p> <p>The company has Export Expansion Grant (EEG) receivable of N1.74billion and unutilised Negotiable Duty Credit Certificates (NDCC) of N1.02 billion as at 31 December 2018.</p> <p>EEG receivable is recognised based on export sales as soon as the related export proceeds are repatriated into the country within 300 days of the sales. Unutilised NDCC is recognised when certificates are issued to the Company by the Nigerian Export Promotion (NEPC) for settlement of EEG receivable. EEG receivable and unutilised NDCC are key audit matters due to the judgement applied by management in the application of the Scheme and the significance of the amount involved.</p> <p>The significant judgment by Management was further evidence by the inability of the beneficiaries to either receive fresh NDCC or use the NDCC at hand for the settlement of import duties and levies in lieu of cash.</p> <p>Management is convinced that both the EEG receivable and the unutilised NDCC are recoverable because they are sovereign debt. This is further buttressed by NEPC circular requesting the exporters to submit EEG baseline data and subsequent to the approval of the baseline data, exporters are also required to submit outstanding EEG claims for which the Company has complied.</p>	<p>We obtained an understanding of the Company's accounting policy for recognition of the EEG receivables and unutilised NDCC and evaluate for consistency with the requirements of International Accounting Standard (IAS 20) - Government grant and the Nigerian Export Promotion Council (NEPC) Act.</p> <p>We tested the recognition of the EEG Receivables and unutilised NDCC for compliance with the Company's accounting policy. In particular, we tested all EEG receivables recognised by assessing documentation that supports the repatriation of export proceeds within 300 days of sale.</p> <p>We reviewed the baseline data submitted by the Company in compliance with the NEPC circular issued on 20 March 2017 requesting exporters to submit their baseline data for EEG claims.</p> <p>We also reviewed the adjustments made to write down the value of the receivables.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Compliance Certificate, Audit Committee's Report, Statement of Director's Responsibilities and Other National Disclosures (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 and Corporate Governance Report as required by Security and Exchange Commission. The other information does not include the financial statements and our auditors' report thereon.



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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BETA GLASS PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED**

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, 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.

Auditors' 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 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 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 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 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 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 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 Company to cease to continue as a going concern.



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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BETA GLASS PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS- CONTINUED**

- 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 entity 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's 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.

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

Report on Other Legal 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:

- 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) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.


Omolola Alebiosu
FRC/2012/ICAN/00000000145
For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

29 March 2019



BETA GLASS PLC
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31 December 2018 N'000	31 December 2017 N'000
Revenue from contract with customers	6	26,321,014	22,186,258
Cost of sales	7.1	(19,940,375)	(16,938,395)
Gross profit		6,380,639	5,247,863
Selling and distribution expenses	7.3	(81,161)	(97,792)
Administrative expenses	7.2	(1,245,189)	(1,393,130)
Other income	8	839,368	617,896
Operating profit		5,893,657	4,374,837
Foreign exchange gain	9	132,727	344,119
Finance income	10	1,405,030	1,262,045
Finance cost	10	(243,233)	(126,261)
Finance income - net	10	1,161,797	1,135,784
Profit before taxation		7,188,181	5,854,740
Income tax expense	11	(2,135,376)	(1,739,598)
Profit for the year		5,052,805	4,115,142
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement gain on employee benefit obligation	20	-	64,259
Deferred tax expenses on remeasurement gain on employee benefit obligation	21	-	(19,278)
Other comprehensive income for the year-net of tax		-	44,981
Total comprehensive income for the year		5,052,805	4,160,123
Earnings per share (EPS)			
Basic and diluted EPS (Naira)	12	10.11	8.23


The notes on pages 19 to 71 are an integral part of these audited financial statements.


BETA GLASS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018


	Notes	31 December 2018 N'000	31 December 2017 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	17,518,004	11,867,361
Intangible assets	15	10,795	10,086
		<u>17,528,799</u>	<u>11,877,447</u>
Current assets			
Inventories	16	6,239,740	5,025,216
Trade and other receivables	17	13,438,292	14,377,983
Cash in hand and at bank	18	8,872,798	6,930,967
		<u>28,550,830</u>	<u>26,334,166</u>
Total assets		<u>46,079,629</u>	<u>38,211,613</u>
Liabilities			
Non-current liabilities			
Employee benefit obligation	20	-	2,674,723
Deferred tax liabilities	21	2,728,744	1,348,823
		<u>2,728,744</u>	<u>4,023,546</u>
Current liabilities			
Borrowings	19	1,098,584	762,862
Trade and other payables	22	11,598,037	5,282,430
Current income tax liabilities	23	964,137	2,940,618
Dividend payable	24	62,554	57,043
		<u>13,723,312</u>	<u>9,042,953</u>
Total liabilities		<u>16,452,056</u>	<u>13,066,499</u>
Equity			
Issued share capital	25	249,986	249,986
Share premium	25.2	312,847	312,847
Other reserves	26	2,429,942	2,429,942
Retained earnings	27	26,634,798	22,152,339
Total equity		<u>29,627,573</u>	<u>25,145,114</u>
Total equity and liabilities		<u>46,079,629</u>	<u>38,211,613</u>

The notes on pages 19 to 71 are an integral part of these audited financial statements.

The audited financial statements on pages 15 to 71 were approved and authorised for issue by the Board of Directors on 21 March 2019 and were signed on its behalf by:


Otunba Abimbola Ogunbanjo
Chairman
FRC/2013/NBA/00000004358


Mr. Shanker Dhanikonda
Chief Financial Officer
FRC/2013/ANAN/00000002336


Mr. Darren Bennett-Voci
Managing Director
FRC/2016/IODN/00000015783

BETA GLASS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital N'000	Share premium N'000	Other reserves N'000	Retained earnings N'000	Total N'000
At 1 January 2017	249,986	312,847	2,429,942	18,482,189	21,474,964
Profit for the year	-	-	-	4,115,142	4,115,142
Other comprehensive income for the year - net of tax	-	-	-	44,981	44,981
Total comprehensive income for the year - net of tax	-	-	-	4,160,123	4,160,123
Transaction with owners: Dividend paid (Note 24)	-	-	-	(489,973)	(489,973)
Total transaction with owners	-	-	-	(489,973)	(489,973)
At 31 December 2017	249,986	312,847	2,429,942	22,152,339	25,145,114
At 1 January 2018	249,986	312,847	2,429,942	22,152,339	25,145,114
Effect of Changes in new accounting standards (Note 27.1)	-	-	-	(35,516)	(35,516)
At 1 January 2018- Restated	249,986	312,847	2,429,942	22,116,823	25,109,598
Profit for the year	-	-	-	5,052,805	5,052,805
Other comprehensive income for the year - net of tax	-	-	-	-	-
Total comprehensive income for the year - net of tax	-	-	-	5,052,805	5,052,805
Transaction with owners: Dividend paid (Note 24) Statute barred dividend returned (Note 27)	-	-	-	(534,970) 140	(534,970) 140
Total transaction with owners	-	-	-	(534,830)	(534,830)
At 31 December 2018	249,986	312,847	2,429,942	26,634,798	29,627,573

The notes on pages 19 to 71 are an integral part of these audited financial statements.

BETA GLASS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31 December 2018 N'000	31 December 2017 N'000
Cash flows from operating activities			
Cash generated from operations	28	14,069,520	2,456,583
Tax paid		(2,715,220)	(1,209,413)
Employee benefits paid	20.2	(2,739,354)	(170,626)
Net cash generated from operating activities		8,614,946	1,076,544
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(7,904,671)	(3,569,876)
Proceeds from disposal of property, plant and equipment		14,989	91,244
Purchase of intangible assets	15	(3,077)	-
Interest received	10.1	1,405,030	1,262,045
Net cash used in investing activities		(6,487,729)	(2,216,587)
Cash flows from financing activities			
Proceeds from short term borrowings	19	1,098,584	762,862
Repayment of term borrowing	19	(762,862)	(181,018)
Interest paid	10.2	(243,233)	(126,261)
Dividend paid	24	(534,970)	(489,973)
Statute barred dividend returned	27	140	-
Non-statute barred dividend returned	24	5,511	11,857
Net cash used in financing activities		(436,830)	(22,533)
Net increase /(decrease) in cash and cash equivalents		1,690,387	(1,162,574)
Effect of exchange rate changes on cash and cash equivalents		251,444	38,883
Cash and cash equivalents at 1 January	18	6,930,967	8,054,658
Cash and cash equivalents at 31 December	18	8,872,798	6,930,967

The notes on pages 19 to 71 are an integral part of these financial statements.

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS

1. General information

Beta Glass Plc (the Company) manufactures, distributes and sells glass bottles and containers for the leading soft drinks, breweries, wine and spirit, pharmaceutical and cosmetics companies. The company has manufacturing plants in Agbara Ogun State and in Ughelli Delta State. Beta Glass Plc exports to five countries namely: Cameroun, Ghana, Liberia, Sierra-leone and Guinea.

The company is a public limited company, which is listed on the Nigerian Stock Exchange and incorporated and domiciled in Nigeria. The address of its registered office is Iddo House, Iddo, Lagos State, Nigeria. P.O. Box 159.

Beta Glass Plc is a subsidiary of Frigoglass Industries Nigeria Limited (the parent company) which holds 61.9% of the ordinary shares of the Company. The ultimate controlling party is Frigoglass S.A.I.C, Athens.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements are the stand alone financial statements of the Company.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standards (IAS) issued by International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and in accordance with requirements of Financial Reporting Council of Nigeria (FRCN) Act No 6, 2011 and provisions of Company and Allied Matters Act (CAMA), CAP C20, Laws of the Federation of Nigeria 2004.

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

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 21 March 2019.

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

2.1.1 Going concern

The company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements is continue to be prepared on the going concern basis.

2.1.2 Changes in accounting policy and disclosure

(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 2018. The nature and effect of changes as a result of adoption of these new standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the Company' financial statements. The company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

(i) IFRS 9 Financial Instruments

IFRS 9 Financial instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity. The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

	Adjustment	01 January 2018 N,000
Asset		
Trade receivable	(b)	(7,129)
Staff receivable	(b)	(5,379)
Related party receivables	(b)	(39,724)
Total Asset		(52,232)
Liabilities		
Deferred Tax liabilities	(c)	(16,716)
Total Liabilities		(16,716)
Adjustment on Equity		
Retained Earnings	(a), (b), (c)	(35,516)

2.1.2 Changes in accounting policy and disclosure - Continued

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

(i) IFRS 9 Financial Instruments - Continued

The nature of adjustment are described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment of the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company. The company continued measuring at fair value all financial assets previously held at fair value under IAS 39. Trade receivables, Advances to staff and loan to related parties as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2018.

IAS 39 measurement category	N'000	IFRS 9 measurement category		
		Fair value through profit or loss N'000	Amoritsed cost N'000	Fair value through OCI N'000
Loans and receivables				
Trade receivables*	3,162,845		3,155,717	
Advance to staff*	119,189		113,809	
Receivables from related parties*	4,146,691		4,106,967	

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(b) Impairment of financial asset

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Company recognised additional impairment on the Company's Trade receivables, Staff loan and receivables from related parties of N7,129,000, N5,379,000 and N39,724,000, respectively, which resulted in a decrease in Retained earnings of N52,232,000 as at 1 January 2018.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

2.1.2 Changes in accounting policy and disclosure - Continued

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

(i) IFRS 9 Financial Instruments - Continued

(b) Impairment of financial asset - Continued

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
	N'000	N'000	N'000
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9	17,672	52,232	69,904

(c) Other adjustments

In addition to the adjustments described above, other item such as deferred tax was adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018.

(ii) IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Presentation of contract assets and contract liabilities in the Statement of Financial Position - IFRS 15 requires separate presentation of contract assets and contract liabilities in the Statement of Financial Position.

IFRS 15 was adopted for the first time in 2018 using modified retrospective method of adoption with the date of initial application of 1 January 2018. The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

There is no material quantitative changes based on the adoption of IFRS 15 to the Company's revenue but the qualitative disclosures have been updated in line with application of IFRS 15.

(b) New standards, amendments and interpretations not yet effective for adoption

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and beyond, and have not been applied in preparing these financial statements. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

2.1.2 Changes in accounting policy and disclosure - Continued

(b) New standards, amendments and interpretations not yet effective for adoption - Continued

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset."

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

The company has short term lease of 12 months or less and will apply the exemption as provided by the standard.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. Since the Company operates in a complex multinational tax environment, applying the Interpretation may affect its financial statements. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

2.1.2 Changes in accounting policy and disclosure - Continued

(b) New standards, amendments and interpretations not yet effective for adoption - Continued

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the Company's financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Company's current practice is in line with these amendments, the Company do not expect any effect on its financial statements.

IAS 23 Borrowing Costs:

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The company currently has no borrowing made to develop a qualifying asset.

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 Segment reporting

Operating segment is 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 segment, has been identified as the Board of Directors of Beta Glass Plc.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company 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 Beta Glass PLC is the Nigerian 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 the reporting date at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the foreign exchange gain or loss in the profit or loss.

Foreign exchange gain and losses are presented in the statement of profit or loss as foreign exchanges gain or loss

2.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs including costs of property, plant and equipment below N50,000 are charged to profit or loss during the financial period in which they are incurred.

Property, Plant and Equipment 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:

	%
Land	Nil
Building	3
Plant and machinery:	
- Factory equipment and tools	10
- Quarry equipment and machinery	20
- Glass moulds	50
- Other plant and machinery	10
Furnaces	14
Motor vehicles	20
Furniture, Fittings and equipment:	
- Office and house equipment-	15
- Household furniture and fittings-	20
- Computer equipment-	25

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

2.4 Property, plant and equipment - Continued

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss and other comprehensive income when the asset is derecognized.

Impairment of Property, Plant and Equipment

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.

There are few asset of Property, Plant and Equipment with nil value but still being used.

2.5 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.

2.6 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).

2.7 Financial Instruments

2.7.1 Initial recognition and subsequent measurement - Policy prior to adoption of IFRS 9

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

2.7.1.1 Classification

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

The company classifies its financial assets in the following categories: fair value through profit or loss, 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 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.

2.7.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 and cash and cash equivalents in the statement of financial position.

2.7.1.3 Recognition and measurement

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

2.7.1.4 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.

2.7 Financial Instruments - Continued

2.7.1 Initial recognition and subsequent measurement - Policy prior to adoption of IFRS 9 - Continued

2.7.1.5 Financial liabilities

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

2.7.1.6 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.

2.7.1.7 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.

2.7.1.8 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.

2.7.2 Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7.2.1 Financial assets

Initial recognition, classification and measurement - Policy subsequent to 1 January 2018

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified at initial recognition as, amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2.7 Financial Instruments - Continued

2.7.2 Financial instruments - initial recognition and subsequent measurement - Continued

2.7.2.1 Financial assets - Continued

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2.7.2.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a. Financial assets at amortised cost (debt instruments)
- b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- c. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d. Financial assets at fair value through profit or loss

The company's financial assets includes financial assets at amortised cost.

2.7.2.3 Financial assets at amortised cost (debt instruments)

The company measures financial assets at amortised cost if both of the following conditions are met:

- a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade receivables, staff loan and receivables from related parties. The company did not own any financial assets that can be classified as fair value through profit and loss or held for trading financial assets during the periods presented in these financial statements.

2.7 Financial instruments - Continued

2.7.2 Financial instruments - initial recognition and subsequent measurement - Continued

2.7.2.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- (a) The rights to receive cash flows from the asset have expired OR
- (b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.7.2.5 Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

2.7 Financial Instruments - Continued

2.7.2 Financial instruments - initial recognition and subsequent measurement - Continued

2.7.2.5 Impairment of financial assets - Continued

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate"

2.7.2.6 Write-offs

The company's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

2.8 Financial liabilities

Financial liabilities are 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.

Loan and borrowings 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.

2.8 Financial liabilities - Continued

2.8.1 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2.9 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.

2.10 Inventories

Inventories are recorded at the lower of cost and net realisable value. Net realizable 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.

2.11 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. Trade receivable is impaired using a provision matrix to calculate Expected Credit Loss (ECL). The company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss.

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

2.12 Cash and cash equivalents

Cash in hand and at bank include cash at hand and deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position while Bank overdraft is included in Cash and Cash equivalents on the Statement of Cash flow.

2.13 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.

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 2018 (2017: Nil) as there were no qualifying assets.

2.14 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.

2.15.1 Current 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.

2.15.2 Deferred tax

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 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.

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.

2.15.2 Deferred tax - Continued

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or 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.

2.16 Employee benefit 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.

The liability recognised in the statement of financial position 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 profit or loss under 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 profit or loss.

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 profit or loss.

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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

2.16 Employee benefit obligation - Continued

However, following various discussions with the Employee Unions on managing the Gratuity Scheme, the Company entered into an Agreement with the Unions. The Agreement with the Unions confirmed that the Gratuity Scheme will be discontinued with effect from 31.12.2018, and all outstanding liabilities per employee as of 31.12.2018 will be settled in the month of December 2018.

As at 31 December 2018, all employee benefit obligation under the Defined Benefit (gratuity) scheme were fully settled and effective from 1 January 2019, the gratuity scheme has been completely discontinued.

2.17 Export expansion grant

Export expansion grants (EEG) from the government are recognized at fair value when there is a reasonable assurance that the grant will be received and the Company has complied with all attached conditions.

The following conditions must be met by the Company in order to receive the EEG:

- The Company must be registered with the Nigerian Export promotion Council (NEPC)
- The Company must have a minimum annual export turnover of N5 million and evidence of repatriation of proceeds of exports.
- The Company shall submit its baseline data which includes audited Financial Statement and information on operational capacity to NEPC.
- An eligible company shall be a manufacturer, producer or merchant of products of Nigerian origin for the export market (i.e. the products must be made in Nigeria).
- Qualifying export transaction must have the proceeds fully repatriated within 300 days, calculated from the date of export and as approved by the EEG Implementation Committee.

2.18 Revenue recognition from Contract with customers

The company is in the business of manufacturing and sales of glassware and glass bottles for soft drink, breweries, Pharmaceutical, cosmetic etc.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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 received or receivable for goods supplied stated net of discounts, returns and value added taxes. Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has identified a sales contract with a customer;
- the performance obligations within this contract has been identified
- the transactions price has been determined;
- this transaction price has been allocated to the performance obligations in the contract; and
- revenue is recognised as or when each performance obligation is satisfied

2.18 Revenue recognition from Contract with customers - Continued

The sale of bottles is based on Ex-works prices agreed with the customers. Haulage services are provided to the Customers through third party service providers as an option. The sale of bottles and haulage services for delivery of bottles are distinct and have no bearing on each other, and are negotiated separately. Further, the consideration to be paid in one contract does not depend on the price or performance of other contract. Goods or services promised in the separate contracts are not a single performance obligation. There are no other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

The company performs an obligation once the products or goods are transferred to the customer that is ownership, legal title, physical possession, significant control related to the products has been transferred to the customer and the customer has accepted the products.

The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of bottles, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The consideration to be received is stated in the contract i.e. invoice as the contract price which is agreed, accepted and signed by the customer. Revenue comprises the fair value for sales of goods and services net of value-added tax, rebates and discounts. Rebates constitutes a variable consideration and are allocated to a single performance obligation affected.

The transaction price as stated in the invoice relates to the performance of obligation by the entity when the goods have been delivered to the customers.

Revenue from the sales of goods is recognised when the significant ownership and controls of the goods are transferred to the buyer. Where goods are picked up by customers, risk is transferred immediately. Where goods are delivered, revenue is recognised when ordered by the customer is delivered to the customers with the evidence of the delivery note acknowledged/signed by the customers.

Variable consideration

Rebates constitute a variable consideration and are allocated to a single performance obligation affected.

Significant financing component

For bottle sales transactions, the receipt of the consideration by the Company does not match the timing of the delivery of bottles to the customer (e.g., the consideration is paid after the bottles has been delivered). Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Consideration payable to a customer

No consideration is payable to customer in respect of sales of glass bottles.

Contract balances

Contract assets: No contract asset as all sales are unconditional.

2.18 Revenue recognition from Contract with customers - Continued

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.19 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.

2.20 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.

3.0 Financial instruments risk management

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 Beta Glass Plc, 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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.0 Financial instruments risk management - Continued

The company's financial instruments consist of trade and other receivables and trade and other payables, borrowings, cash in hand and at bank.

Risk	Exposure arising from	Measurement	Management
Market Risk- Foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Contractual agreements on exchange rates
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate negotiations
Credit risk	Cash and cash equivalents, trade receivables, and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit, Investment guidelines for and held-to-maturity investments.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

3.1 (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, price risk such as equity price risk and commodity risk and interest rate risk. Financial instruments affected by market risk include deposits and loans and borrowings.

(i) 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 foreign 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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.1 (a) Market risk - Continued

(i) Foreign exchange risk - Continued

The company's exposure to US Dollar (USD) is as follows:

	2018 Euro'000	2018 USD'000	2017 USD'000
Financial assets			
Cash in hand and at bank	-	15,511	9,364
Trade receivables	-	3,447	827
	-	18,958	10,191
Financial liabilities			
Borrowings	-	3,222	2,498
Trade payables	15,612	554	4,874
Related parties payable	742	-	-
	16,355	3,776	7,372
Net amount	(16,355)	15,183	2,819

Effects in Naira on the Company's result:

	2018 N'000	2018 N'000	2017 N'000
	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
15 percent strengthening of the Naira to USD /Euro	951,840	(776,593)	(128,973)
15 percent weakening of the Naira to USD / Euro	(951,840)	776,593	128,973
	2018	2018	2017
Reporting date spot rate of 1 Euro or 1 USD to Naira	388	341	305

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.

(ii) Price risk

The company is not exposed to price risk as it does not hold any equity instruments or commodity trade at active exchange market.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.1 (a) Market risk - Continued

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The company's interest rate risk arises from borrowings. Borrowings are issued at floating rates exposing the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. 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 had short term borrowing as at 31 December 2018 and 2017 which have fixed interest rate.

<i>Interest rate sensitivity</i>	Increase/decrease in basis point	Effect on profit before tax N'000
2018		
US Dollar	+1	4,013
Euro	+1	-
US Dollar	-1	(4,013)
Euro	-1	-
2017		
US Dollar	+1	319
Euro	+1	261
US Dollar	-1	(319)
Euro	-1	(261)

3.2 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 the year end, Beta Glass Plc considered that there were no material credit risks that had not been covered by doubtful debt provisions.

No credit limits on cash amounts 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.

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.2 Credit Risk - Continued

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

31 December 2018					
Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	Total N'000
Cash in hand and at bank (Note 18)	8,872,798	-	-	-	8,872,798
Trade receivables (Note 17)	3,207,582	868,718	24,005	5,067	4,105,372
Receivables from related parties (Note 17)	5,946,151	160,616	-	-	6,106,767
Staff advances (Note 17)	132,285	-	-	-	132,285
	18,158,816	1,029,334	24,005	5,067	19,217,222
31 December 2017					
Financial assets:	Neither past due nor impaired N'000	Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	Total N'000
Cash in hand and at bank (Note 18)	6,930,967	-	-	-	6,930,967
Trade receivables (Note 17)	3,243,344	1,516,543	90,456	8,149	4,858,492
Receivables from related parties (Note 17)	6,298,055	107,353	2,318	-	6,407,726
Staff advances (Note 17)	138,281	-	-	-	138,281
	16,610,647	1,623,896	92,774	8,149	18,335,466

Receivables from related parties and Staff advances are from counterparties with no risk of default. An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

I. Credit rating	2018 N'000	2017 N'000
B/B	23,804	23,804
AAA	8,848,984	6,907,153
Aa	10	10
	8,872,798	6,930,967

The credit ratings is by Fitch and Augusto rating agencies and below are the interpretations of the ratings.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.2 Credit Risk - Continued

B/B: The rating indicates a stable outlook in terms of financial and risk profile. Better asset quality and sound revenue generation

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 in the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as at when due remain strong.

In assessing the Company's internal rating process, the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- ▶ Any publicly available information on the Company's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- ▶ Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- ▶ Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The company's sales transaction model is Business to Business model and major customers are multi-nationals while credit are granted on the strength of their credibility and past performance.

Impairment of trade and related party receivables

The company has trade receivable from sales of inventory and provision of haulages services, related party receivable and staff loan that are subject to expected credit loss model

Cash and cash equivalents are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for different customers and the calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in table (maturity grouping) above

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.2 Credit Risk - Continued

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP growth, oil price, unemployment rate, inflation rate and exchange rate of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables

Trade Receivable	Days past due							Total N'000
	Current N'000	<30 days N'000	31-60 days N'000	61-90 days N'000	91-120 days N'000	121-150 days N'000	> 365 days N'000	
31-Dec-18								
Expected credit loss rate	0.25%	0.25%	0.32%	1.0%	1.03%	-	-	-
Estimated total gross carrying amount at default	4,372,867	811,136	166,732	65,886	24,005	-	-	5,440,626
Expected credit loss	10,995	2,040	538	677	247	-	-	14,498
1-Jan-18								
Expected credit loss rate	0.26%	0.26%	0.35%	0.81%	4.70%	4.70%	1	-
Estimated total gross carrying amount at default	4,344,540	674,480	350,642	30,010	62,415	86,004	3,458	5,551,549
Expected credit loss	11,159	1,733	1,231	243	2,934	4,043	3,458	24,801

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.2 Credit Risk - Continued

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2018	2017
	N'000	N'000
At 1 January 2018 under IAS 39	17,672	20,767
Adjustment upon application of IFRS 9	7,129	-
At 1 January 2018 - As restated	24,801	20,767
Provision for expected credit losses	(10,303)	-
Additional provision under IAS 39	-	7,183
Used during the year	-	(10,278)
At 31 December	14,498	17,672

Expected credit loss measurement - other financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs, etc. - are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

3.2 Credit Risk - Continued

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties and staff advances/receivables. The loss allowance for other financial assets at amortised cost as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 December 2018 as follows:

	Related parties N'000	Other receivable N'000	Total N'000
At 31 December 2017 (calculated under IAS 39)	-	-	-
Amounts restated through opening retained earnings	39,724	5,379	45,103
At 1 January 2018 (calculated under IFRS 9)	39,724	5,379	45,103
(Decrease) /increase in the allowance recognised in profit or loss during the period	(3,390)	503	(2,887)
At 31 December 2018	36,334	5,882	42,216

3.3 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 meet operational needs at all times so that the Company does not breach borrowing limit. The Company manages liquidity risk by effective working capital and cash flow management.

Beta Glass Plc invests its surplus cash in interest bearing current accounts. At the reporting date the Company had Nil (2017: N3.7) billion in interest bearing current accounts. The table below summarised the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

At 31 December 2018	On Demand N'000	Less than 3 months N'000	3 months to 12 months N'000	Total N'000
Financial liabilities:				
Trade and other payables excluding transaction taxes (Note 22)	-	10,872,429	-	10,872,429
Interest bearing borrowing (Note 19)	-	1,116,436	-	1,116,436
	-	11,988,865	-	11,988,865

3.3 Liquidity risk - Continued

At 31 December 2017	On Demand	Less than 3 months	3 months to 12 months	Total
Financial liabilities:				
Trade and other payables excluding transaction taxes (Note 22)	-	5,039,710	-	5,039,710
Interest bearing borrowing (Note 19)	-	775,259	-	775,259
	-	<u>5,814,969</u>	-	<u>5,814,969</u>

3.4 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. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios at 31 December 2018 and 31 December 2017 are as follows:

	2018 N'000	2017 N'000
Borrowings	1,098,584	762,862
Trade and other payables	11,598,037	5,282,430
Less: Cash in hand and at bank	<u>(8,872,798)</u>	<u>(6,930,967)</u>
Net Debt	3,823,823	(885,675)
Total equity	<u>29,627,573</u>	<u>25,145,114</u>
Capital and net debt	<u>33,451,396</u>	<u>24,259,439</u>
Gearing ratio	13%	-4%

3.5 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 judgements

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 director's 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.

Plant and machinery

Plant and machinery is depreciated over its useful life. Beta Glass Plc estimates the useful lives of plant and machinery based on the period over which the assets are expected to be available for use. The estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

Export Expansion Grant and Negotiable Duty Credit Certificate

Export Expansion Grant (EEG) is a very vital incentive of the Federal Government of Nigeria required for the stimulation of export oriented activities that will lead to significant growth of the non-oil export sector. Having met the eligibility criteria and registered under the scheme by the Nigerian Export Promotion Council (NEPC), the Company is entitled to a rebate on export sales in as much as it can demonstrate that the proceeds of the related sales have been repatriated through an approved channels to the country within 300 (formerly 180) days of such export sales.

The rebate is recognised as a credit to cost of sales and as a receivable from the Federal Government of Nigeria (i.e. EEG receivable). As at 31 December 2018, EEG receivable stood at N 1.74 billion (31 December 2017: N1.58 billion) as disclosed in Note 17.

Negotiable Duty Credit Certificate (NDCC) is the instrument of the Federal Government of Nigeria (FGN) for settlement of EEG receivable. The NDCC was used for the payment of Import and Excise duties in lieu of cash. However, NEPC has stopped issuing NDCC in line with the new guidelines and all our NDCC has been returned for replacement with proposed promissory notes in line with the new guidelines. As at 31 December 2018, Unutilized NDCC stood at N 1.02 billion (31 December 2017: N1.03 billion) as disclosed in Note 17.

Though, a significant component of the EEG receivable and unutilized NDCC have been outstanding for more than 1 year, no impairment charge have been recognised because they are regarded as sovereign debts. Moreover, Government have not communicated or indicated unwillingness to honour the obligations. Thus, the outstanding balances are classified as current assets accordingly.

4 Critical accounting estimates and Judgements - Continued

Provision for expected credit losses (ECL) of trade and other receivables

The company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade and other receivables is disclosed in Note 17.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

5 Segment information

IFRS 8 'Operating segments requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Board of Directors which includes executive directors and other key management. It is the Board of Directors that has responsibility for planning and controlling the activities of the Company.

The company's reportable segment has been identified on a product basis as glass bottles. Beta Glass Plc is a one segment business.

Customer sales greater than 10% of sales of Beta Glass Plc:

	2018		2017	
	N'000	%	N'000	%
Customer 1	5,010,791	19%	2,242,939	10%
Customer 2	4,467,661	17%	2,126,647	10%
Customer 3	4,425,865	17%	4,826,837	22%
Customer 4	3,895,614	15%	4,400,136	20%

Revenue is generated from local and international sales. An analysis based on customer location is set out below:

	2018	2017
	N'000	N'000
Local sales	24,697,809	20,755,263
Export sales	1,623,205	1,430,995
Total revenue	<u>26,321,014</u>	<u>22,186,258</u>

The board of directors assesses the performance of the operating segment based on profit from operations.

	2018	2017
	N'000	N'000
Operating profit	<u>5,893,657</u>	<u>4,374,837</u>

6 Revenue from contracts with customers
Disaggregated revenue information

	31 December	31 December
	2018	2017
	N'000	N'000
Type of goods:		
Sales of glassware and bottles	<u>26,321,014</u>	<u>22,186,258</u>
Geographical markets:		
Local	24,697,809	20,755,263
Export	<u>1,623,205</u>	<u>1,430,995</u>
	<u>26,321,014</u>	<u>22,186,258</u>

Revenue from the sale of bottles are recognised at a point in time, generally upon delivery of the bottles.

Included in sales of glassware and bottles are sales to related parties of N3.8billion (2017: N4.4billion). See Note 29 for further details.

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

7 Expenses by nature	31 December 2018 N'000	31 December 2017 N'000
7.1 Cost of sales		
Material consumed	7,880,704	5,962,360
Depreciation (Note 14)	2,120,178	2,033,570
Technical assistance fees (Note 29)	829,712	698,867
Factory salaries and wages (Note 7.5)	2,053,333	1,626,069
Fuel, gas and electricity	4,893,167	4,683,051
Other factory overheads	2,163,281	1,934,478
	<u>19,940,375</u>	<u>16,938,395</u>
7.2 Administrative expenses		
Depreciation and amortisation charges (Note 14 & 15)	135,430	113,727
Auditors remuneration	26,426	22,272
Legal and professional fees	93,223	61,093
Salaries and wages (Note 7.5)	592,350	445,814
Pension costs - defined contribution plans (Note 13)	27,757	26,122
Interest on employee benefit obligation (Note 13)	332,322	365,970
Current service cost of employee benefit obligation (Note 13)	143,097	142,338
Net gain on settlement of employee benefit obligation *	(410,788)	-
Directors' remuneration (Note 13)	23,640	21,949
Travel and transportation	123,220	117,276
Other administrative expenses	161,398	76,569
Expected Credit loss of other receivables	(2,887)	-
	<u>1,245,189</u>	<u>1,393,130</u>

*N410, 788,000 being curtailment gain on final settlement of employee benefit obligation (gratuity scheme).

Other administrative expenses include Information Technology expenses, Subscriptions, Printing and stationery and other minor expenses.

	31 December 2018	31 December 2017
7.3 Selling and distribution expense		
Distribution expense	91,464	90,609
Expected Credit loss of trade receivable	(10,303)	7,183
	<u>81,161</u>	<u>97,792</u>
Total cost of sales, administrative expenses and distribution costs	<u>21,266,725</u>	<u>18,429,317</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

7.4 Credit loss expense

The table below shows the ECL credit on financial instruments for the year recorded in the income statement:

	Note	Stage 1 Individual N'000	Simplified Model N'000	Total N'000
Debt instruments measured at amortised cost -Related party loans	7.2	(3,389)	-	(3,389)
Debt instruments measured at amortised cost - Staff loan	7.2	503	-	503
Debt instruments measured at amortised costs - trade receivables	7.3	-	(10,303)	(10,303)

	31 December 2018 N'000	31 December 2017 N'000
7.5 Wages and salaries includes		
Cost of sales (Note 7.1)	2,053,333	1,626,069
Administrative expenses (Note 7.2)	592,350	445,814
	<u>2,645,683</u>	<u>2,071,883</u>

	31 December 2018 N'000	31 December 2017 N'000
8 Other income		
Profit on disposal of property plant and equipment	14,201	12,839
Surplus on transport and others **	804,754	590,598
Proceed from sale of scraps	20,413	14,458
	<u>839,368</u>	<u>617,896</u>

** This represents surplus on transport charges recovered from customers, insurance claims and others.

	31 December 2018 N'000	31 December 2017 N'000
9 Foreign exchange gain		
Foreign exchange gain	<u>132,727</u>	<u>344,119</u>

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

10	Finance income and expenses	31 December 2018 N'000	31 December 2017 N'000
10.1	Finance income		
	Interest income	<u>1,405,030</u>	<u>1,262,045</u>
10.2	Finance cost		
	Interest expense	<u>(243,233)</u>	<u>(126,261)</u>
	Net finance income	<u>1,161,797</u>	<u>1,135,784</u>
11	Income tax expense		
		31 December 2018 N'000	31 December 2017 N'000
	Income tax	604,070	2,535,103
	Education tax	134,669	192,359
	Net income and education tax for the year (Note 23)	<u>738,739</u>	<u>2,727,462</u>
	Deferred tax charged / (credit) for the year	<u>1,396,637</u>	<u>(987,864)</u>
	Net deferred tax for the year (Note 21)	<u>1,396,637</u>	<u>(987,864)</u>
	Tax expense	<u>2,135,376</u>	<u>1,739,598</u>

The current tax charge has been computed at the applicable rate of 30% (31 December 2017: 30%) plus education levy of 2% (31 December 2017: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as donations and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as export profits and gain on disposal of assets which are not taxable.

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:

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

11.1 Effective tax reconciliation

	31 December 2018 N'000	31 December 2017 N'000
Profit before tax	<u>7,188,181</u>	<u>5,854,740</u>
Tax at the Nigeria Corporation Tax rate of 30% (2017: 30%)	2,156,454	1,756,422
Tax effects of:		
Non chargeable income	(122,894)	(144,326)
Non-deductible expenses	23,265	6,571
Effect of education tax	134,669	192,359
Effect of tax incentive	<u>(56,118)</u>	<u>(71,428)</u>
Tax charge for the year	<u>2,135,376</u>	<u>1,739,598</u>

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 year.

	31 December 2018	31 December 2017
Profit attributable to shareholders of the Company (N'000)	<u>5,052,805</u>	<u>4,115,142</u>
Weighted average number of ordinary shares in issue	<u>499,972</u>	<u>499,972</u>
Basic Earnings per share (Naira)	<u>10.11</u>	<u>8.23</u>

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

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

13 Particulars of the Directors and staff

- a The average number of persons, excluding directors, employed by the Company during the year was as follows:

	31 December 2018 Number	31 December 2017 Number
Management	285	289
Factory	336	332
Sales and Administration	7	8
	<u>628</u>	<u>629</u>

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

	31 December 2018 Number	31 December 2017 Number
N600,001 - N800,000		
N800,001 - N1,000,000	18	12
N1,000,001 - N1,200,000	42	33
N1,200,001 - N1,400,000	60	69
N1,400,001 - N1,600,000	28	37
N1,600,001 - N1,800,000	37	37
N1,800,001 - N2,000,000	44	32
N2,000,001 - N2,500,000	120	123
N2,500,001 - N3,000,000	122	124
Over N3,000,000	157	162
	<u>628</u>	<u>629</u>

- c

	31 December 2018 N'000	31 December 2017 N'000
Wages and salaries (Note 7.5)	2,645,683	2,071,883
Pension costs - defined contribution plans	27,757	26,122
Interest on employee benefit obligation (Note 20)	332,322	365,970
Current service cost of employee benefit obligation (Note 20)	143,097	142,338
	<u>3,148,859</u>	<u>2,606,313</u>

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

d Directors' emoluments

The remuneration paid to the Directors of the Company was:

	31 December 2018 N'000	31 December 2017 N'000
Fees for services as Directors	23,640	21,948
Other emolument as management	<u>-</u>	<u>-</u>
	<u>23,640</u>	<u>21,948</u>

Fees for services as Directors include fees, sitting allowance and travel expenses. 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- Beta Glass Plc's parent Company

Amount paid to the Chairman	<u>5,885</u>	<u>5,190</u>
Amount paid to the highest paid Director	<u>5,885</u>	<u>5,190</u>

This includes fees, board and committee's sitting allowance and travel expenses

The number of Directors of the Company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	31 December 2018 Number	31 December 2017 Number
N150,000 - N500,000	-	-
N500,001 - N6,000,000	<u>8</u>	<u>7</u>
	<u>8</u>	<u>7</u>
Directors with no emoluments	<u>2</u>	<u>2</u>

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

14 Property, plant and equipment - 31 December 2018

	Land N'000	Building N'000	Plant and Machinery N'000	Furniture fittings and equipment N'000	Motor Vehicles N'000	Furnaces N'000	Assets under Construction N'000	Total N'000
Cost or valuation:								
At 1 January 2018	168,540	1,791,717	20,131,333	418,723	609,754	6,622,434	2,525,724	32,268,225
Additions	-	60,276	1,359,290	35,121	289,064	542,713	5,618,208	7,904,671
Disposals	-	-	(38,888)	(953)	(95,795)	-	-	(135,636)
Reclassifications	-	-	1,576,795	12,902	-	740,436	(2,330,133)	-
At 31 December 2018	168,540	1,851,993	23,028,530	465,793	803,024	7,905,583	5,813,799	40,037,261
Accumulated depreciation:								
At 1 January 2018	-	610,134	14,410,700	372,145	475,531	4,532,354	-	20,400,864
Charge for the year	-	54,158	1,536,510	26,436	106,626	529,510	-	2,253,240
Disposals	-	-	(38,888)	(938)	(95,021)	-	-	(134,848)
At 31 December 2018	-	664,292	15,908,321	397,644	487,136	5,061,864	-	22,519,257
Net book value:								
At 31 December 2018	168,540	1,187,701	7,120,209	68,150	315,888	2,843,719	5,813,799	17,518,004

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

Depreciation expenses of N2.12 billion was charged to Cost of sales and N133.06 million was charged to Administrative expenses. No assets were pledged as collateral for loan during the year.

NOTES TO THE AUDITED 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	Furnaces N' 000	Construction N' 000	Assets under Total N' 000
Cost or valuation:								
At 1 January 2017	168,540	1,758,556	19,321,100	399,064	621,835	6,556,723	69,666	28,895,484
Additions	-	30,641	867,638	18,746	72,841	65,711	2,514,299	3,569,876
Disposals	-	-	(109,803)	-	(87,331)	-	-	(197,135)
Reclassifications	-	2,520	52,398	913	2,410	-	(58,241)	-
At 31 December 2017	168,540	1,791,717	20,131,333	418,723	609,755	6,622,434	2,525,724	32,268,225
Accumulated depreciation:								
At 1 January 2017	-	557,467	12,923,364	350,251	475,812	4,070,184	-	18,377,078
Charge for the year	-	52,667	1,518,733	21,894	87,050	462,170	-	2,142,514
On disposals	-	-	(31,397)	-	(87,331)	-	-	(118,728)
At 31 December 2017	-	610,134	14,410,700	372,145	475,531	4,532,354	-	20,400,864
Net book value:								
At 31 December 2017	168,540	1,181,583	5,720,633	46,578	134,224	2,090,080	2,525,724	11,867,361

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

Depreciation expenses of N2.034 billion was charged to Cost of sales and N108.95 million was charged to Administrative expenses. No assets were pledged as collateral for loan during the year.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

15 Intangible assets

	Computer software	
	2018 N'000	2017 N'000
Cost:		
As at 1 January	37,082	37,082
Additions	3,077	-
As at 31 December	<u>40,159</u>	<u>37,082</u>
Accumulated amortization:		
As at 1 January	(26,996)	(22,214)
Charge for the year	(2,368)	(4,782)
As at 31 December	<u>(29,364)</u>	<u>(26,996)</u>
Net book value		
As at 31 December	<u>10,795</u>	<u>10,086</u>

The remaining amortization period of the intangible asset is between 2 and 3 years. Amortization of N2.37 million (2017: N4.7 million) has been charged to Administrative expenses

16 Inventories

	31 December 2018 N'000	31 December 2017 N'000
	Raw materials - cost	1,350,655
Work in progress - cost	9,431	27,324
Finished goods - cost	2,107,991	1,695,103
Spare parts and consumables - cost	1,582,352	1,511,488
	<u>5,050,429</u>	<u>4,043,380</u>
Goods in transit - cost	1,189,311	981,836
	<u>6,239,740</u>	<u>5,025,216</u>

Write-downs of inventories to net realisable value as at December 2018 amounted to N486,597,000 (2017 - N443,765,000). The write down is recognised as an expense in the period it occurred and included in 'cost of sales' in profit or loss.

Analysis of value of inventories charged to profit or loss is as follows:

	31 December 2018 N'000	31 December 2017 N'000
Cost of inventories included in cost of sales	<u>7,880,704</u>	<u>5,962,360</u>

The amount represents cost of materials consumed and included in cost of sales per Note 7.1.

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

17 Trade and other receivables

	31 December 2018 N'000	31 December 2017 N'000
Trade receivables	4,105,372	4,858,492
Unutilised Negotiable Duty Credit Certificates (Note 4)	1,017,817	1,024,894
EEG receivable (Note 4)	1,735,146	1,581,874
Prepayments (Note 17.1)	256,627	295,033
Withholding tax receivable	138,042	42,790
Other receivables	2,950	28,893
Staff advances	132,285	138,281
Receivables from related parties (Note 29)	6,106,767	6,407,726
Sub-total	<u>13,495,006</u>	<u>14,377,983</u>
Allowance for expected credit losses	(56,714)	-
Total	<u>13,438,292</u>	<u>14,377,983</u>

	Trade Receivable	Staff Loan	Related Party Receivable
	N'000	N'000	N'000
Gross	4,105,372	132,285	6,106,767
ECL	<u>14,498</u>	<u>5,882</u>	<u>36,334</u>
Net	<u>4,090,874</u>	<u>126,403</u>	<u>6,070,433</u>

Trade receivables are non-interest bearing and are generally on payment terms of 30 - 90 days.

Other receivable represents insurance claim receivables.

17.1 Prepayment includes Prepaid Insurance, Prepaid Rent and Others. The prepaid rent is for short term.

17.2 Set out below is the movement in the allowance for expected credit losses:

17.2.1 Trade Receivable	2,018	2,017
	N'000	N'000
As at 1 January (IAS 39)	17,672	20,767
Effect of adoption of IFRS 9 (Note 27.1)	7,129	-
As at 1 January (Restated)	<u>24,801</u>	<u>20,767</u>
Reversal of provision during the year	(10,303)	-
Additional Provision during the year	-	7,183
Used during the year	-	(10,278)
As at 31 December	<u>14,498</u>	<u>17,672</u>

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

17.2.2	Staff Receivable	2018	2017
		N'000	N'000
	As at 1 January (IAS 39)	-	-
	Effect of adoption of IFRS 9 (Note 27.1)	5,379	-
	As at 1 January (Restated)	5,379	-
	Additional Provision during the year	503	-
	As at 31 December	<u>5,882</u>	-
17.2.3	Related Parties Receivable	2018	2017
		N'000	N'000
	As at 1 January (IAS 39)	-	-
	Effect of adoption of IFRS 9 (Note 27.1)	39,724	-
	As at 1 January (Restated)	39,724	-
	Reversal of provision during the year	(3,390)	-
	As at 31 December	<u>36,334</u>	-
	Allowance for credit loss total	<u>56,714</u>	<u>17,672</u>
18	Cash and cash equivalents		
		31 December	31 December
		2018	2017
		N'000	N'000
	Cash in hand	361	344
	Cash at bank	8,872,437	6,930,623
	Cash in hand and at bank	<u>8,872,798</u>	<u>6,930,967</u>
	For the purpose of the cash flow statement, cash and cash equivalents comprise of: cash in hand, cash at bank, and bank overdraft.		
		31 December	31 December
		N'000	N'000
	Cash in hand and at bank	<u>8,872,798</u>	<u>6,930,967</u>
	Cash and cash equivalents	<u>8,872,798</u>	<u>6,930,967</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

19	Borrowings	31 December 2018 N'000	31 December 2017 N'000
	Short term borrowings	<u>1,098,584</u>	<u>762,862</u>
		<u>1,098,584</u>	<u>762,862</u>
	Reconciliation of Short term Borrowings:	31 December 2018 N'000	31 December 2017 N'000
	At 1 January	762,862	181,018
	Repayment of Borrowings during the year	(762,862)	(181,018)
	Additional borrowings during the year	<u>1,098,584</u>	<u>762,862</u>
	At 31 December	<u>1,098,584</u>	<u>762,862</u>

Short term borrowings represent Banker Acceptance from Stanbic IBTC Bank for the importation of raw materials at a variable interest rate of Libor+5.5% payable within 30 to 90 days.

20 Employee benefit obligations

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

	31 December 2018 N'000	31 December 2017 N'000
Statement of financial position:		
Obligation for Post-employment benefit	-	2,674,723
Liability in the statement of financial position	<u>-</u>	<u>2,674,723</u>
Profit or Loss:		
Included in employee benefits expense for:		
Interest on employee benefit obligation	332,322	365,970
Current service cost of employee benefit obligation	143,097	142,338
Gain on settlement of employee obligation	(410,788)	-
	<u>64,631</u>	<u>508,308</u>
Other Comprehensive Income:		
Remeasurements for:		
Post-employment benefit	-	(64,259)
	<u>-</u>	<u>(64,259)</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 scheme was discontinued effective from 31 December 2018 and all the liabilities due were settled as at that date.

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

20 Employee benefit obligations - Continued

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

	31 December 2018	31 December 2017 N'000
Present value of obligations (unfunded)	<u>-</u>	<u>2,674,723</u>

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

	31 December 2018 N'000	31 December 2017 N'000
At 1 January	2,674,723	2,401,300
Charge during the year:		
Current service cost of employee benefit obligation	143,097	142,338
Gain on settlement of employee obligation	(410,788)	-
Interest on employee benefit obligation	332,322	365,970
	<u>64,631</u>	<u>508,308</u>
Remeasurements:		
Actuarial losses - change in financial assumption	-	63,199
Actuarial losses - experience adjustment	-	(127,458)
	<u>-</u>	<u>(64,259)</u>
Payments from plans:		
Benefits paid by the employer	(2,739,354)	(170,626)
At 31 December	<u>-</u>	<u>2,674,723</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

	31 December 2018 N'000	31 December 2017 N'000
20.3 Maturity Profile of Defined Benefit Obligation		
Within the next 12 months (next Annual Reporting Date)	-	218,972
Between 2 and 5 years	-	1,123,355
Between 5 and 10 years	-	3,435,041
Beyond 10 years	-	17,687,579
Total	-	<u>22,464,947</u>

The significant actuarial assumptions were as follows:

	31 December 2017
Discount rate (p.a.)	14.0%
Future average pay increase (p.a.)	14.0%
Average rate of inflation (p.a.)	12.0%

Following various discussions, with the Employee Unions on managing the Gratuity Scheme, the Company entered into an Agreement with the Unions. The Agreement with the Unions confirmed that the Gratuity Scheme will be discontinued with effect from 31 December 2018, and all outstanding liabilities per employee as of 31.12.2018 will be settled in the month of December 2018.

As at 31 December 2018, all employee benefit obligations were settled and the gratuity scheme has been completely discontinued. Effective from 31 December 2018, the gratuity scheme is abolished.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

21 Deferred tax liabilities

	31 December 2018 N'000	31 December 2017 N'000
The movement in deferred tax is as follows:		
At 1 January	1,348,823	2,317,409
Changes during the year:		
- Debit to other comprehensive income	-	19,278
- Debit / (credit) to profit or loss (Note 11)	1,396,637	(987,864)
- Credit to retained earnings (Note 27)	(16,716)	-
At 31 December	<u>2,728,744</u>	<u>1,348,823</u>
	31 December 2018 N'000	31 December 2017 N'000
Deferred Tax Assets	(276,293)	(1,040,349)
Deferred Tax Liabilities	3,005,037	2,389,172
Net Deferred Tax Liabilities	<u>2,728,744</u>	<u>1,348,823</u>

Deferred tax relates to the followings:

	Statement of Financial Position		Statement of Profit or loss	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Accelerated depreciation for deferred tax purpose	(2,923,612)	(2,318,889)	604,722	(318,194)
Employee benefit obligation	-	865,446	865,446	(88,780)
Trade receivable -unrealised exchange gain	(81,425)	(11,561)	69,864	(526,328)
Trade and other payable - unrealised exchange gain and others	99,785	(58,722)	(158,507)	(19,276)
Trade receivable - impairment loss	20,797	5,655	1,574	990
Inventory - write down	155,711	169,248	13,538	(36,275)
Total	<u>(2,728,744)</u>	<u>(1,348,823)</u>	<u>1,396,637</u>	<u>(987,863)</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

22	Trade and other payables	31 December 2018 N'000	31 December 2017 N'000
	Trade payables	8,900,101	3,128,104
	Social security and transaction taxes	725,608	242,719
	Accrued expenses and other payables	1,590,872	1,687,393
	Amounts due to related parties (Note 29)	381,456	224,213
		<u>11,598,037</u>	<u>5,282,430</u>

22.1 Social security and transaction taxes includes VAT, Withholding taxes, Pay As You Earns taxes and Pension liabilities.

22.2 Accrued expenses and other payables represent energy expenses accrued, transport income accrued, employee bonus accrued and raw material purchases accrual etc as at year end.

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

22.3 Financial liabilities includes:

	31 December 2018 N'000	31 December 2017 N'000
Trade payables	8,900,101	3,128,104
Amounts due to related parties (Note 29)	381,456	224,213
	<u>9,281,557</u>	<u>3,352,317</u>

23 Current income tax liabilities

	31 December 2018 N'000	31 December 2017 N'000
The movement in current income tax is as follows:		
At 1 January	2,940,618	1,422,569
Provision for the year (Note 11)	738,739	2,727,462
Payment during the year	(2,695,218)	(1,198,212)
Withholding Tax Credit utilised	(20,000)	(11,201)
At 31 December	<u>964,137</u>	<u>2,940,618</u>

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

24	Dividend payable	31 December 2018 N'000	31 December 2017 N'000
	At 1 January	57,043	45,186
	Dividend declared during the year	534,970	489,973
	Dividend paid during the year relating to prior year (Note 27)	(534,970)	(489,973)
	Non-statute barred unclaimed dividend returned	5,511	11,857
	At 31 December	62,554	57,043
	Dividend per share (Naira)	1.07	0.98

Non-statute barred dividend (paid) /returned relates to dividend declared but not claimed for a period of 15 months and above. This has not become statute barred and still claimable by the beneficiaries hence, the non-recognition in retained earnings.

25 Share capital

25.1 Authorised:

	31 December 2018 N'000	31 December 2017 N'000
600,000,000 ordinary shares of 50kobo each	300,000	300,000
Allotted, called up and fully paid: 499,972,000 ordinary shares of 50k each	249,986	249,986

	31 December 2018		31 December 2017	
	Number of shares	%	Number of shares	%
Frigoglass Industries Nigeria Limited	309,391,133	61.88%	309,391,133	61.88%
Frigoinvest Holdings B.V	40,833,131	8.17%	40,833,131	8.17%
Stanbic IBTC Nominees Nigeria Limited	28,518,616	5.70%	39,467,716	7.89%
Delta State Ministry of Finance Incorporated	22,258,117	4.45%	22,258,117	4.45%
Others	98,971,003	19.80%	88,021,903	17.61%
	499,972,000	100%	499,972,000	100%

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

25.2	Share premium	31 December 2018 N'000	31 December 2017 N'000
	Share premium	<u>312,847</u>	<u>312,847</u>
	Share premium arose from share issue at a rate above the nominal value of ordinary shares		
26	Other reserves		N'000
	At 31 December 2018		<u>2,429,942</u>
	At 31 December 2017:		<u>2,429,942</u>
	Other reserves represent furnace rebuilt reserve set aside from retained earnings in previous years and the amount is not available for distribution to the equity holders of the Company.		
27	Retained earnings	31 December 2018 N'000	31 December 2017 N'000
	At 1 January	22,152,339	18,482,189
	Effect of Changes in new accounting standards (net of Deferred tax) *	(35,516)	-
	Dividend declared & paid during the year relating to prior year (Note 24)	(534,970)	(489,973)
	Total comprehensive income	5,052,805	4,160,123
	Statute barred dividend returned	140	-
	At 31 December	<u>26,634,798</u>	<u>22,152,339</u>
27.1	*Effect of Changes in new accounting standards: Impairment provision on prior year receivables Deferred tax thereon (Note 21) Net of tax	<u>(52,233)</u> 16,716 <u>(35,516)</u>	- - -

Statute barred dividend is no longer available for collection by the beneficiaries hence, the recognition in retained earnings.

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

28	Cash generated from operating activities	31 December 2018 N'000	31 December 2017 N'000
	Profit before tax	7,188,181	5,854,740
	Adjustment for:		
	Depreciation of property, plant and equipment (Note 14)	2,253,240	2,142,514
	Amortisation of intangible assets (Note 15)	2,368	4,782
	Profit on disposal of property, plant and equipment (Note 8)	(14,201)	(12,839)
	Interest on employee benefit obligation (Note 20.2)	332,322	365,970
	Current service cost of employee benefit obligation (Note 20.2)	143,097	142,338
	Gain on settlement of employee obligation (Note 20.2)	(410,788)	-
	Interest income (Note 10.1)	(1,405,030)	(1,262,045)
	Interest expense (Note 10.2)	243,233	126,261
	Net exchange difference	(251,444)	(38,883)
	Allowance for expected credit losses	(13,189)	
	Changes in working capital:		
	Decrease / (increase) in trade and other receivables	900,648	(3,985,910)
	Increase in inventories	(1,214,524)	(814,547)
	Increase / (decrease) in trade and other payables	6,315,607	(65,798)
	Cash generated from operations	<u>14,069,520</u>	<u>2,456,583</u>
	Movement in trade and other receivables		
	Decrease/ (Increase) in trade and other receivables	939,691	(3,985,910)
	Add: Receivable Impairment allowances during the year	39,043	-
	Decrease/ (Increase) in trade and other receivables for cash flow purpose	<u>900,648</u>	<u>(3,985,910)</u>

29 Related parties

The company is a member of the Frigoglass group and is thus related to other subsidiaries of the Company through common shareholdings or common directorships. Transactions arising from dealings with related parties are as detailed below.

The company is controlled by Frigoglass Industries Nigeria Limited which holds 61.9% (2017-61.9%) of the Company's issued ordinary shares. The remaining 38.1% of the shares are widely held. The ultimate holding company is Frigoglass S.A.I.C (incorporated in Greece).

The following companies are related parties of Beta Glass Plc:

Frigoglass S.A.I.C - Ultimate parent and ultimate controlling party

Frigoglass Industries (Nigeria) Limited - Parent company

Frigoinvest Holdings BV - Intermediate parent company

Frigoglass Global Limited

Frigoglass Jebel Ali FZE

Frigoglass West Africa Limited- Common Shareholders

A.G. Leventis PLC- A common Director

Nigerian Bottling Company - Shareholder with power to participate in the operating and financial decisions of the parent company of Beta Glass Plc

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

29 Related parties - Continued

a Remuneration of key management personnel

Key management personnel include 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 below:

	31 December 2018 N'000	31 December 2017 N'000
Short term benefits (Note 13)	23,640	21,948
Amount paid to the highest paid Director	5,885	5,190
Amount paid to Chairman	5,885	5,190

b The number of Directors of the Company based on range emolument is as below:

	31 December 2018 Number	31 December 2017 Number
N150,000 - 500,000	-	-
N500,001 - 5,000,000	8	7
Directors with no emoluments	8	7
	2	2

c 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

	2018 N'000	2017 N'000
Sales of goods: Nigerian Bottling Company	3,895,614	4,400,136
	3,895,614	4,400,136

Goods are sold based on the price list in force and credit period ranges from 30 to 60 days. Accordingly, they are at arms' length.

BETA GLASS PLC

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

29 Related parties - Continued

c(ii) Purchases of goods and services

	2018 N'000	2017 N'000
Purchase of services:		
Frigoglass Global Limited	829,712	698,867
A.G. Leventis PLC	321,454	248,253
	<u>1,151,166</u>	<u>947,120</u>

The transaction with Frigoglass Global limited was for the supply of technical expertise to Beta Glass Plc. The technical service fee represents 3% of net sales as approved by the National Office for Technology Acquisition and Promotion (NOTAP) certificate number 005961 with maturity profile of three (3) years from 01 January 2016 to 31 December 2018. Also included in the technical service charge for the year is Value Added Tax (VAT) at 5% paid on the technical service fee. The transaction with A.G. Leventis Plc was for supply of haulage services and secretariat services

Purchases of goods and services are at prices comparable to those obtainable from third parties.

d Due to related companies

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

		31 December 2018 N'000	31 December 2017 N'000
	Description		
Frigoglass Global Limited	Purchase of services	357,725	198,747
Frigoglass SAIC - Kato Achaia	Purchase of services	23,731	-
A.G. Leventis Nig PLC	Purchase of services	-	25,466
		<u>381,456</u>	<u>224,213</u>

e Due from related companies

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

		31 December 2018 N'000	31 December 2017 N'000
	Description		
Frigoglass Industries (Nigeria) Limited	Payments made by Beta Glass Plc on behalf of Frigoglass Ind.(Nig.) Limited	289,238	367,919
Frigoglass West Africa Limited	Payments made by Beta Glass Plc on behalf of Frigoglass (West Africa Limited	151	-
Nigerian Bottling Company Limited	Sales of Bottles and purchase of cullet	661,993	625,031
Frigoglass Industries (Nigeria) Limited	Intercompany treasury balances	5,110,623	5,414,776
A.G. Leventis Nigeria PLC	Purchase of services	8,428	-
		<u>6,070,433</u>	<u>6,407,726</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS - CONTINUED

29 Related parties - Continued

The receivables from related parties arise mainly from sale transactions, intercompany treasury balances and payments on behalf of other related companies with short term settlement period. The receivables are unsecured in nature and bear no interest except for treasury balances. There is impairment provisions amounting to N36.34 million (2017: Nil) for the year ended 31 December 2018

The payables to related parties arise mainly on purchases and services from related parties with short term settlement period/ or payable on demand. The payables bear no interest

30 Contingent liabilities

Legal proceedings

The company is presently involved in four (4) litigation suits as at 31 December 2018. The claims against the Company from the suits amount to N2.33 billion (31 December 2017: N2.33 billion) as of reporting date. No provision has been made for these claims because based on legal advice, the Company believes that no significant loss will eventuate.

In the year 2018, the Company has Custom bond line with Stanbic IBTC bank amounting to N52.51million for the carriage and warehousing of goods.

Guarantee on behalf of Frigoglass Finance B.V.

In the year 2017, the Company guarantees first lien indebtedness (comprised of loans and notes) incurred by other members of the Frigoglass Group of approximately €120.0 million, which matures on 31 December 2021 and second lien indebtedness (comprised of loans and notes) of approximately €141 million, which matures on 31 March 2022.

31 Capital commitments

The company had no capital commitments as at 31 December 2018 (31 December 2017: Nil).

32 Subsequent events

A dividend in respect of the year ended 31 December 2018 of N1.30 per share, amounting to a total dividend of N649,963,600 was proposed at the Board meeting held on 21 March 2019 and subject to approval at the Annual General Meeting. These financial statements do not reflect this dividend payable.

There were no other event after reporting date which could have had a material effect on the state of affairs of the Company as at 31 December 2018 and on the profit for the year ended on that date which have not been adequately provided for or recognized.

33 Compliance with regulatory bodies

There was no penalty for non-compliance matters with respect to regulatory bodies for the year ended 31 December 2018 (2017: Nil).

Beta Glass Plc

Value Added Statement

For the year ended 31 December 2018

	2018 N'000		2017 N'000	%
Revenue	26,321,014		22,186,258	%
Finance income	1,405,030		1,262,045	
Other income	839,368		617,896	
Foreign exchange gain	132,727		344,119	
	-----		-----	
Bought in materials and services	28,698,139		24,410,318	
- Imported	(5,746,574)		(3,105,334)	
- Local	(10,115,684)		(10,570,374)	
	-----		-----	
	12,835,881	100	10,734,610	100
	=====		=====	
Applied as follows:				
		%		%
To pay employees:				
- Wages, salaries and other benefits	3,148,859	24.53	2,606,313	24.28
To pay providers of capital:				
- Finance cost	243,233	1.89	126,261	1.18
To pay government:				
- Income tax expense	738,739	5.76	2,727,462	25.41
To provide for enhancement of assets and growth:				
- Depreciation of plant, property and equipment	2,253,240	17.55	2,142,514	19.96
- Amortisation of intangible assets	2,368	0.02	4,782	0.04
Deferred tax charge/ (credit)	1,396,637	10.88	(987,864)	(9.20)
- Profit retained for the year	5,052,805	39.36	4,115,142	38.34
	-----	-----	-----	-----
	12,835,881	100	10,734,610	100
	=====	===	=====	===

The value added represents the wealth created through the use of the Company's assets by its own and its employees' efforts. This statement shows the allocation of wealth amongst employees, capital providers, government and that retained for future creation of wealth.

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

Beta Glass Plc

Five Year Financial Summary

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Assets employed					
Non-current assets	17,528,799	11,877,447	10,533,274	11,675,368	9,602,728
Current assets	28,550,830	26,334,166	22,657,398	15,495,701	17,325,659
Non-current liabilities	(2,728,744)	(4,023,546)	(4,718,709)	(4,065,937)	(3,301,449)
Current liabilities	(13,723,312)	(9,042,953)	(6,996,999)	(5,527,007)	(7,673,957)
Net assets	29,627,573	25,145,114	21,474,964	17,578,125	15,952,981
Capital employed					
Ordinary share capital	249,986	249,986	249,986	249,986	249,986
Share Premium	312,847	312,847	312,847	312,847	312,847
Other reserves	2,429,942	2,429,942	2,429,942	2,429,942	2,429,942
Retained earnings	26,634,798	22,152,339	18,482,189	14,585,350	12,960,206
Total equity	29,627,573	25,145,114	21,474,964	17,578,125	15,952,981
	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Revenue	26,321,014	22,186,258	19,091,192	15,953,224	16,632,879
Profit before taxation	7,188,181	5,854,740	5,215,253	3,114,795	3,340,660
Income tax expense	(2,135,376)	(1,739,598)	(1,415,860)	(1,123,668)	(950,437)
Profit for the year	5,052,805	4,115,142	3,799,393	1,991,127	2,390,223
Other comprehensive income	-	44,981	296,238	(56,000)	(4,125)
Total comprehensive income	5,052,805	4,160,123	4,095,631	1,935,127	2,386,098
Per share data					
Earnings per share (Naira)	10.11	8.23	7.60	3.98	4.78
Net asset per share (Naira)	59.26	50.29	42.95	35.16	31.91

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.

Net assets per share is calculated by dividing net assets of the Company by the weighted average number of ordinary shares issued at the end of the reporting period.

Note: Five year financial summary is not a required disclosure under IFRS