

MINL LIMITED

**IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

MINL LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018**

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MINL LIMITED

DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

DIRECTORS: Mr. Mathew Ayotunde Shobiye
Mr. Shirish Mehta
Mr. Anup Kumar Drolia
Mr. Dinesh Kumar

REGISTERED OFFICE: 21/23, Abimbola Street
Isolo Industrial Estate
Isolo,
Lagos

HEAD OFFICE: 21/23, Abimbola Street
Isolo Industrial Estate
Isolo,
Lagos

SECRETARIES Mathmer & Associates - Company secretary
3, Layi Oyekanmi Street,
Mushin,
Lagos.

AUDITORS: Messrs Opone Johnson & Co.
(Chartered Accountants)
16b, Joy Avenue
Ajao Estate
Lagos.

MINL LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2018

The Directors submit their Annual Report together with the Audited Financial Statements for the year ended 31st December, 2018.

1	OPERATING RESULT	N
	Profit for the Year	3,059,515
	Taxation	<u>(411,416)</u>
	Profit After Taxation	<u><u>2,648,099</u></u>

2 **LEGAL FORM**

The Company was incorporated in Nigeria as a Private Company Limited by Shares in September, 1995.

3 **PRINCIPAL ACTIVITIES AND BUSINESS**

The Company is engaged in the Manufacturing and Marketing of Crown Corks, Ropp Caps, Aluminium Embossed Coils, Sleeves, Galvanised Corrugated Roofing Sheets, Aluminium Roofing Sheets and Non Ferrous Alloy Ingot for export market only.

4 **DIVIDEND**

Dividend	<u>1,452,637</u>
	<u><u>1,452,637</u></u>

The directors declared and paid an interim dividend of Naira 1.60 per share amounting to Naira 1,452,636,590.40 during the year. The said dividend was appropriated from Section 17 Account under the Industrial Development (Income Tax Relief) Act.

5 **DIRECTORS**

The following persons served on the Company's Board during the year under review:-

Mr. Mathew Ayotunde Shobiye	(Nigerian)
Mr. Shirish Mehta	(Indian)
Mr. Anup Kumar Drolia	(Indian)
Mr. Dinesh Kumar	(Indian)

6 **SHAREHOLDING STRUCTURE**

The Company's shares are held by the underlisted Shareholders as at 31st December, 2018.

	No of Shares	%	Status
Manaksia Limited & its Nominees	<u>907,897,869</u>	<u>100</u>	<u>Foreign</u>

Mr. S. K. Agrawal was nominated to hold one hundred unit of shares on behalf of Manaskia Limited.

MINL LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2018

7 **EMPLOYMENT AND EMPLOYEES**

a. ***Employees' Involvement and Training***

It is the Company's Policy to adequately train its manpower for better result. In that regards, efforts would be made to continue to improve staff welfare and encourage staff participation in decisions affecting them.

b. ***Employment of Disabled Persons***

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons.

8 **PROPERTY, PLANT AND EQUIPMENT**

The Company's property, plant and equipment carrying value stood at N10.20 billion as at 31st December, 2018 compared to N11.41 billion in 2017. Capital expenditure incurred in 2018 amounted to N420 million. The Directors are of the opinion that the market value of the Company's property, plant and equipment is not less than the value shown in the financial statements as contained on page 24 of the accounts.

9 **HEALTH AND SAFETY**

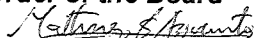
The Company provides medical services to employees. All factory safety standards adhere to by management. In addition, fire fighting equipments are in place as well as adequate training programme on the use of fire fighting equipments.

10 **AUDITORS**

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAMA) CAP C20 LFN 2004, **Messrs Opone Johnson & Co.** (Chartered Accountants), have indicated their willingness to continue in office.

Dated this 15th day of March, 2019

By Order of the Board



MATHMER & ASSOCIATES

Secretaries

MINL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31ST 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 period. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and International Financial Reporting Standards;
- b) establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepare its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011.

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 for the period ended 31st 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.



Director



Director



OPONE JOHNSON & CO.
Chartered Accountants

Corporate Head Office:

21, Alao Street, off Osolo Way, Ajao Estate, Lagos.

Tel: 0810 239 6804, 0705 394 1420

E-mail: oponejohnson@yahoo.com

JOHNSON OPONE FCA - MANAGING PARTNER

PETER AGUBA BA FCA

OLUKAYODE ONITA FCA, FCTI

FELICIA OMUBO-DEDE BSC, MBA, FCA

ABDULLAHI OKE ACA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MINL LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of *MINL Limited* which comprise the statement of financial position as at 31st December, 2018, the 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 a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's 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, Law of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council 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 misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of *MINL Limited* as at 31st December, 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Law of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No. 6, 2011.

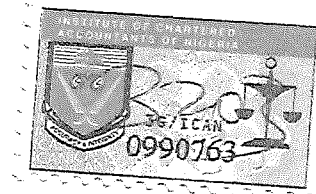
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**MINL LIMITED - Continued*****REPORT ON THE ENABLING ACT AND REGULATORY REQUIREMENTS***

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 purpose 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.



CHIEF J. OPONE FCA.
FRC/2013/ICAN/00000004846
OPONE JOHNSON & CO.
(Chartered Accountants)
LAGOS – NIGERIA


**March 15, 2019**


MINL LIMITED

**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018**

	Notes	31-Dec-18 N'000	31-Dec-17 N'000
Non-current assets			
Property, plant and equipment	5	10,179,967	11,348,219
Investment in shares	6	308,203	309,278
FRN Negotiable Instrument and Export Grant	8.2	3,197,914	3,197,914
Total non-current assets		13,686,084	14,855,411
Current assets			
Inventories	7	4,615,093	5,826,357
Trade and other receivables	8.1	4,421,069	6,474,653
Investment - Short Term	10	3,696,031	5,289,544
Cash and cash equivalents	9	13,377,010	10,025,568
Total current assets		26,109,203	27,616,122
Total assets		39,795,287	42,471,533
Equity			
Ordinary share capital	18.2	907,898	907,898
Other Reserves		(39)	1,035
Retained earnings	20	34,082,904	32,887,442
Total equity		34,990,763	33,796,375
Current liabilities			
Trade and other payables	11	2,195,763	3,724,294
Deferred Income - Government grant	15	13,633	21,663
Borrowing	16	364,793	1,912,694
Dividend payable	19	-	694,542
Taxation	12.1	366,258	340,239
Total current liabilities		2,940,447	6,693,432
Non-current liabilities			
Deferred Tax Liability	12.2	1,802,710	1,828,389
Term Loan	14	57,371	135,708
Deferred Income - Government grant	15	3,996	17,629
Total non-current liabilities		1,864,077	1,981,726
Total liabilities		4,804,524	8,675,158
Equity and liabilities		39,795,287	42,471,533

The financial statements on pages 2 to 34 were approved by the Board of Directors on 15th March, 2019 and signed on its behalf by:


Director


Director

The statement of significant accounting policies on pages 11 to 22 and the accompanying explanatory notes on pages 23 to 34 form an integral part of these financial statements.

MINL LIMITED

**STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 2018**

	Notes	31-Dec-18 N'000	31-Dec-17 N'000
Continuing operations			
Revenue	23	28,703,095	36,549,669
Cost of sales	27	(26,153,160)	(33,426,669)
Gross profit		2,549,935	3,123,000
Other operating income	24	2,197,517	1,417,243
Administrative expenses	28	(1,377,778)	(1,309,781)
Distribution and advertising expenses	29	(15,525)	(15,380)
Other charges	24.2	(8,257)	-
Finance cost	30	(286,377)	(425,453)
Profit before taxation		3,059,515	2,789,629
Taxation	12.3	(411,416)	(490,078)
Profit after taxation		2,648,099	2,299,551
Other Comprehensive Income			
Unrealised Gain / (Loss) on fair value measurement- Investment in shares		(1,074)	4,053
Deferred Tax Liability		-	(1,216)
Total other comprehensive Income		(1,074)	2,837
Total comprehensive income		2,647,025	2,302,388
Earnings per ordinary share (N)			
From continuing operations			
Basic earnings per share	26	2.92	2.54
Diluted Earnings per share	26	2.92	2.54

The statement of significant accounting policies on pages 11 to 22 and the accompanying explanatory notes on pages 23 to 34 form an integral part of these financial statements.

MINL LIMITED

**STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2018**

	Issued share capital N'000	Other Reserve N'000	Retained earnings N'000	Total equity N'000
Equity attributable to equity holders				
At 1 January, 2017	907,898	(1,802)	32,605,442	33,511,538
Profit for the year	-	-	2,299,551	2,299,551
Dividend declared during the year	-	-	(2,017,551)	(2,017,551)
Fair value measurement- Investment in shares	-	2,837	-	2,837
At 31 December, 2017	907,898	1,035	32,887,442	33,796,375
Profit for the year	-	-	2,648,099	2,648,099
Dividend declared during the year	-	-	(1,452,637)	(1,452,637)
Fair value measurement- Investment in shares	-	(1,074)	-	(1,074)
At 31 December, 2018	907,898	(39)	34,082,904	34,990,763

The accompanying notes on pages 11 to 34 form an integral part of these financial statements.

MINL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2018**

	NOTES	31-Dec-18 N'000	31-Dec-17 N'000
Cash Flows from Operating Activities			
Collection from Customers		31,512,745	33,259,282
Payments to Suppliers, Employees and others		(26,870,290)	(23,683,192)
		<hr/>	<hr/>
Taxation	33	4,642,455 (411,075)	9,576,090 (185,128)
		<hr/>	<hr/>
Net cash provided from operating activities		4,231,380	9,390,962
		<hr/>	<hr/>
Cash Flows from Investing Activities			
Acquisition of PPE	5	(420,396)	(1,675,153)
Proceed from sale of PPE		172	158
Investment in Treasury Bills		1,593,513	(5,289,544)
Proceed from sale of Investment In Shares		-	12,500
Rental Income		3,908	3,000
Dividend Received		70	63
Interest Received		2,002,588	1,083,558
		<hr/>	<hr/>
Net Cash provided by Investing Activities		3,179,855	(5,865,418)
		<hr/>	<hr/>
Cash flows from Financing Activities			
Loan Repayment	14	(100,000)	(100,000)
Dividend Paid	19	(2,147,178)	(1,815,796)
Interest Paid		(264,714)	(397,088)
		<hr/>	<hr/>
Net Cash provided by Financing Activities		(2,511,892)	(2,312,884)
		<hr/>	<hr/>
Net Current Year Movement		4,899,343	1,212,660
Cash and Cash Equivalent at Start of Year		8,212,874	7,000,214
		<hr/>	<hr/>
Cash and Cash Equivalent at Year End	22	13,112,217	8,212,874
		<hr/>	<hr/>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

1. General information

1. Description of business

MINL Limited was incorporated as a private limited liability company in September, 1995.

The company's registered office is located at 21/23 Abimbola Street, Isolo Industrial Estate, Isolo, Lagos.

The company is principally engaged in Manufacturing and Marketing of Crown Cork, Ropp Caps, Aluminium Embossed Coils, Bottles Sleeves, Hot or Cold Rolled Steel Sheets, Galvanised Corrugated Roofing Sheets, Aluminium Roofing Sheets, Non Ferrous alloys Ingots etc.

1.1 Composition of financial statements

The financial statements are drawn up in naira, the functional currency of MINL Limited in accordance with International Financial Reporting Standards (IFRS). This financial statements are comprise of:

- Statement of profit or loss and other comprehensive Income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements.

1.2 Basis of preparation

The financial statements of MINL Limited have been prepared in accordance with International Financial Reporting Standards(IFRS) as issued by the International Accounting Standards Board (IASB). The financial statement is also prepared to meet all the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria.

1.3 Financial period

These financial statements cover the financial year ended 31 December, 2018 with comparative amounts for the financial period ended 31 December, 2017.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

2 Summary of new and amended standards

2.1 Accounting standards and interpretations issued but not yet effective

Below are the new International Financial Reporting Standards and International Accounting Standards which have not been early adopted by the Group and that might affect future reporting periods, on the assumption that the Group will continue with its current activities.

a) IFRS 9: Leases

Under IFRS 16, the distinction made up to now between operating leases and finance leases will no longer apply with respect to the lessee. For all leases, the lessee recognizes a right of use to an asset and a lease liability. The right of use is amortized over the contractual term in line with the rules for intangible assets. The lease liability is recognized in accordance with the rule for financial instruments pursuant to IAS 39 (or IFRS 9 in future). Write-downs on the asset and interest on the liability are presented separately in the income statement. There are exemptions when accounting for short-term leases and low-value leased assets.

For lessors, however, the rules in the new standard are similar to the previous rules in IAS 17. They will continue to classify leases either as a finance lease or an operating lease. **IFRS 16 is effective for annual periods beginning on or after 1 January, 2019.**

The directors of the Company do not anticipate that the application of these amendments to IFRS 16 will have any impact on the Company's financial statements.

3. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently as presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Initial recognition

Property, plant and equipment are initially recognized at cost, being the cash price equivalent at the recognition date. The cost of an item of property, plant and equipment comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management. In the case of the assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors. Cost also includes an estimated cost of dismantling and removing the asset where the obligation is incurred when the asset was acquired or consequence of using the asset. Property, plant and equipment are subsequently stated at cost, less accumulated depreciation and accumulated impairment in value. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

3.1.2 Subsequent costs

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

3.1.3 Depreciation

Depreciation starts when an asset is ready for use and ends when derecognised or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated. Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work in progress) are not depreciated.

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

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Asset class	Estimated useful lives
Land	Indefinite
Leasehold Property	Over the leasehold period
Building	40 years
Plant and Machinery	10 years
Motor Vehicles	5 years
Furniture and Fittings & Equipment	10 years

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

3.1.4 Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement as operating income.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

3.1.5 Reclassification

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent that it reverses any previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in the income statement.

3.2. Impairment of non-financial assets

The company assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised shall not be reversed in a subsequent period.

3.3. Financial instruments

3.3.1 Financial assets

i. Classification

The company classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

3.3.1.1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are: held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel. The company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

3.3.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale.

3.3.2 Financial liabilities

The company's financial liabilities as at statement of financial position date include 'Borrowings' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.3.2.1 Interest bearing borrowings

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

3.3.3 Impairment of financial assets

3.3.3.1 Financial assets carried at amortised cost

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

- Significant financial difficulty of the issuer or debtor;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of issuers or debtors; or
 - national or local economic conditions that correlate with defaults on the assets of the company.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are compared on the basis of similar credit risk characteristics (i.e., on the basis of the company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

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 improved credit rating), the previously recognized impairment loss is reversed by adjusting the impairment account. The amount of the reversal is recognised in the income statement.

3.3.4 Offsetting financial instruments

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

3.4 Trade and other receivables

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as non-current assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

3.5 Cash and cash equivalents

Cash equivalents comprises of short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of preparing the statement of cash flows, cash and cash equivalents are reported net of balances due to banks.

3.6 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

3.7 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.8 Inventories

Inventories are valued at the lower of cost and net realisable value on a first in first out basis. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads on normal activity levels.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

3.9 Retirement benefits

3.9.1 Defined contribution plan

The company runs a defined contribution plan. 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.

Under the 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 expenses 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.

Employees contribute 8% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes 10% to make a total contribution of 18% of the total emoluments as required by the Pension Reform Act 2004 as amended. The Company's contribution to the pension's scheme is charged to the profit or loss account.

3.9.2 Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Taxation

3.10.1 Current income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

3.10.2 Deferred income tax

Deferred income tax is recognised in full using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss on disposal.

3.11 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.12 Equity instruments

Equity instruments issued by the company are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

3.13 Share capital

3.13.1 Share issue costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12.2 Investment in own shares (Treasury shares)

Where a company purchases the Company's equity share capital as treasury shares, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.13.2 Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders.

Dividends proposed by the Directors but not yet approved by members are disclosed by way of notes in line with Companies and Allied Matters Act.

3.14 Revenue recognition

This relates to the sale of electronics exclusive of value added tax and less any discounts. Revenue is recognized when there is persuasive evidences that an agreement exists, that the significant risks and reward of ownership have been transferred to the customers, the amount of revenue can be measured reliably and collectibility is reasonably assured. If it is probable that discount will be granted and amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3.14.1 Service charge

Service charge is earned on services of the Company's products. Service charge is recognised in the income statement over the period the service is provided.

3.13.2 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

3.14.2 Other income

Other income is recognised in line with the criteria mentioned in note 3.13 for other related services.

3.15 Foreign currency translation

3.15.1 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the entities within the company. Monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated using the exchange rates at the date of the initial transactions.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction
- Exchange differences on transactions entered into to hedge foreign currency risks
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised. CBN Intervention Fund for manufacturing re-financing and restructuring facilities of bank loans were sourced by the company and recognised as Government grant in the financial statement.

4 Critical accounting estimates and judgment

- 4.1** The company makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

The estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial statements are discussed below:

4.1.1 Determination of impairment of non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

4.1.2 Depreciable life of property and equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property, plant and equipment and will have an impact on the carrying value of these items.

MINIL LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018**
5 Property, plant and equipment

	Land & Building N'000	Plant and machinery N'000	Motor vehicles N'000	Furniture, Fixtures & Equipment N'000	Capital WIP N'000	Total N'000
Costs						
At 1 January, 2017	2,177,845	19,768,001	211,061	176,288	316,474	22,649,669
Additions in the year	-	1,333,683	21,000	3,996	-	1,358,679
Disposal	-	(620,044)	(2,849)	-	-	(622,893)
Transfer	-	-	-	-	-	-
At 31 December, 2017	2,177,845	20,481,640	229,212	180,284	316,474	23,385,455
At 1 January, 2018	2,177,845	20,481,640	229,212	180,284	316,474	23,385,455
Additions in the year	-	4,175	8,944	8,986	398,291	420,396
Disposal	-	-	(4,300)	-	-	(4,300)
Transfer	-	714,765	-	-	(714,765)	-
At 31 December, 2017	2,177,845	21,200,580	233,856	189,270	-	23,801,551
Depreciation						
At 1 January, 2017	162,774	10,500,855	174,270	85,751	-	10,923,650
Charge in the year	45,368	1,670,157	10,026	10,802	-	1,736,353
Disposal	-	(620,044)	(2,723)	-	-	(622,767)
At 31 December, 2017	208,142	11,550,968	181,573	96,553	-	12,037,236
At 1 January, 2018	208,142	11,550,968	181,573	96,553	-	12,037,236
Charge in the year	45,369	1,516,528	11,760	11,315	-	1,584,972
Disposal	-	-	(624)	-	-	(624)
At 31 December, 2018	253,511	13,067,496	192,709	107,868	-	13,621,584
Carrying amount						
At 31 December, 2018	1,924,334	8,133,084	41,147	81,402	-	10,179,967
At 31 December, 2017	1,969,703	8,930,672	47,639	83,731	316,474	11,348,219
At 31 December, 2016	2,015,071	9,267,146	36,791	90,537	316,474	11,726,019

5.1 The following estimated useful lives were used in the computation of depreciation charge during the year:

Class	Useful lives
Building	40 years
Plant and Machinery	10 years
Motor Vehicles	5 years
Furniture and Equipment	10 years

	31-Dec-18 N'000	31-Dec-17 N'000
5.2 Land and Building at Cost		
Land	267,580	267,580
Building	1,910,265	1,910,265
	2,177,845	2,177,845
5.3 Capital Work in Progress		
Plant and Machinery under installation	714,765	316,474
Amount capitalised	(714,765)	-
	-	316,474
5.4 Land		
No depreciation was charged on freehold land owned by the Company.		
5.5 Assets pledged as security		
The Company has pledged its items of property, plant and equipment as security for facility with Banks.		
5.6 Capital Work in Progress		
This represents cost of works yet to be capitalized. No depreciation charge has been recognised on this item.		
6 Investment In Shares		
Jebba Paper Mills Limited - 300,000,000 Ordinary Shares of N1.00 each	300,000	300,000
Others		
Investment in shares - Quoted Companies	8,203	9,278
	308,203	309,278

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	31-Dec-18 N'000	31-Dec-17 N'000
7 Inventories		
Raw Materials	3,098,208	4,104,513
Finished Goods	852,438	1,353,950
Work-In-Progress	384,579	250,810
Consumables	279,868	117,084
	<u>4,615,093</u>	<u>5,826,357</u>
8 Trade and Other Receivables		
Trade Receivables - Note 8.1	2,495,526	5,140,641
Other Receivables	995,698	719,487
FRN Export Grant Receivable	2,027,064	2,027,064
Prepaid Expenses	408,807	427,906
FRN Negotiable Instruments	1,170,850	1,170,850
Advance to Suppliers	521,038	186,619
	<u>7,618,983</u>	<u>9,672,567</u>
Analysed as:		
8.1 Current	4,421,069	6,474,653
8.2 Non- Current		
FRN Negotiable Instrument and Export Grant Receivables	3,197,914	3,197,914
8.3 Analysis of Trade Receivables		
Trade Receivables	2,624,322	5,389,494
Impairment allowance	(128,796)	(248,853)
	<u>2,495,526</u>	<u>5,140,641</u>
9 Cash and cash equivalents		
Cash in hand	68,082	35,267
Cash at banks	2,928,398	5,038,888
	<u>2,996,480</u>	<u>5,074,155</u>
Investment in Treasury Bills -Due within 90days	10,380,530	4,951,413
	<u>13,377,010</u>	<u>10,025,568</u>
Bank overdraft, though part of cash and cash equivalent form part of borrowings.		
10 Investment - Short Term		
Investment in Treasury Bills- Due after 90 days	3,696,031	5,289,544
	<u>3,696,031</u>	<u>5,289,544</u>
11 Trade and other payables		
Trade Payables - local	654,947	388,750
Trade Payables -Foreign	1,038,236	28,398
Trade Deposit	155,999	16,029
Related Parties Payables - Note 13.1	46,223	3,026,937
Accrued Expenses	300,358	264,181
	<u>2,195,763</u>	<u>3,724,295</u>
12 Taxation		
12.1 Taxation payable		
At 1 January	340,239	185,128
Payment in the year	(411,076)	(185,128)
Charge for the year	437,095	340,239
At 31 December	<u>366,258</u>	<u>340,239</u>
12.2 Deferred taxation		
At 1 January	1,828,389	1,677,333
Current year recognised in Profit or Loss	(25,679)	151,056
At 31 December	<u>1,802,710</u>	<u>1,828,389</u>
The Deferred tax liability of N18,398,334 represent current year Deferred tax for 2017.		
12.3 Taxation charge		
Income tax	313,893	274,473
Education tax	52,364	65,766
Current Year Tax	366,257	340,239
Additional tax	70,838	-
	<u>437,095</u>	<u>340,239</u>
Deferred tax charge/(write back)	(25,679)	149,839
Income Expense	<u>411,416</u>	<u>490,078</u>

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	31-Dec-18 N'000	31-Dec-17 N'000
12.4 Reconciliation of Income Tax Expense for the year to the Accounting Profit as per Profit or Loss:		
Profit Before Tax	3,059,515	2,789,629
Less Exempt Profit	-	176,941
Domestic Profit	<u>3,059,515</u>	<u>2,612,688</u>
Tax at the statutory corporation tax rate of 30%	917,855	783,806
Effect of:		
Depreciation	475,492	519,785
(Profit)/Loss on sale of fixed assets	1,051	(10)
Unrealised Exchange Gain	19,976	(5,745)
Impairment allowance on receivable	(36,017)	-
Income from Treasury Bills	(592,896)	(311,353)
Investment Allowance	(21,568)	(40,010)
Balancing charge	432	-
Capital Allowance Utilised	<u>(450,432)</u>	<u>(672,000)</u>
Income Tax	313,893	274,473
Education Tax	<u>52,364</u>	<u>65,766</u>
Taxation on current year operation	366,257	340,239
Additional tax - FIRS on Prior Years	70,838	-
Deferred Tax	<u>(25,679)</u>	<u>149,839</u>
Income tax expense recognised in profit or loss	<u>411,416</u>	<u>490,078</u>
13 Related Parties		
13.1 Related party payables		
Manaksia Limited- Parent Company	<u>46,223</u>	<u>3,026,937</u>
Related Party Receivables		
Jebba Paper Mill Limited- Subsidiary	197,843	
Dynatech Industries Ghana Ltd- Associated Company	741,435	
Loan Advanced	<u>939,278</u>	<u>4,959,289</u>
Term Loan Granted		
The loan was granted to Dynatech Industries limited Ghana, for 5 years tenure with 1 year moratorium for principal repayment at 5% interest per annum with effect from date of draw down which was 7th December, 2018.		
Approved	USD3,000,000	
Draw Down	USD 2,000,000	
The Company entered into business transactions with Company that fall within the definition of a related party.		
Current year transaction		
Manaksia Limited	Purchases	513,855
Dynatech Industries Ghana Ltd	Loan	741,435
Dynatech Industries Ghana Ltd	Export	21,115
		1,993,373
		-
		85,695
14 Term Loan Received		
At 1st January	275,000	375,000
Payment during the year	<u>(100,000)</u>	<u>(100,000)</u>
Year End Balance with Bank	175,000	275,000
Unamortized EIR	<u>(17,629)</u>	<u>(39,292)</u>
Fair value of Loan	<u>157,371</u>	<u>235,708</u>
Analysed into		
Due within one year	100,000	100,000
Due after one year	<u>57,371</u>	<u>135,708</u>
	<u>157,371</u>	<u>235,708</u>

The Company secured Loan of N1 Billion from Zenith Bank Plc under the CBN Intervention fund/BOI. The Loan is for a tenor of 10years payable on Forty (40) instalments. The interest rate is 7% per annum with acceptance date as October 21, 2010.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	31-Dec-18 N'000	31-Dec-17 N'000
15 Deferred Income - Government Grants		
At 1st January	39,292	67,657
Charge to Profit or Loss	(21,663)	(28,365)
End Year Balance	17,629	39,292
Analysed into		
Due within one year	13,633	21,663
Due after one year	3,996	17,629
	17,629	39,292
The deferred income arises as a result of the benefit received from below-market interest rate government assisted CBN intervention loans for manufacturers (BOI loans) granted to date. The revenue is recognised in profit or loss over the tenor of the loan.		
16 Borrowing		
Bank Overdraft and Short Term Facilities	264,793	1,812,694
Term Loan (Due within one year)	100,000	100,000
	364,793	1,912,694
17 Employees' benefit Liabilities		
Staff Gratuity		
Gratuity awaiting payment to MINL staff gratuity fund	11,155,708	22,118,986
This balance represents part of the gratuity outstanding at the year end, awaiting to be transferred to MINL staff gratuity fund held with Zenith Bank Plc		
The Company opted out of the unfunded gratuity scheme in line with an agreement entered with the employees. Under the new dispensation, the annual gratuity due to employees are paid to MINL Staff Gratuity Fund held with Zenith Bank Plc. The Company is not involved with the administration of the funds except to discharge the liabilities of employees under the schemes.		
Funds held at the end of the year is available to discharge the post employment gratuity due to employees before the balance is lodged into the bank.		
18 Share capital		
18.1 Authorised		
1,000,000,000 Ordinary Shares of N1.00 each	1,000,000	1,000,000
18.2 Issued and fully paid		
907,897,869 Ordinary Shares of N1.00 each	907,898	907,898
19 Dividend Payable		
At 1 January	694,542	492,787
Payment during the year	(2,147,178)	(1,815,796)
Dividend declared during the year	1,452,637	2,017,551
At 31 December	-	694,542
19.1 Dividend Declared - 2017 AGM	-	2,017,551
Dividend Declared - 2018 AGM	-	-
	-	2,017,551

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	31-Dec-18 N'000	31-Dec-17 N'000
20 Retained earnings		
At 1 January	32,887,442	32,605,442
Transfer from income statement	2,648,099	2,299,551
Dividend declared during the year	(1,452,637)	(2,017,551)
At 31 December	<u>34,082,904</u>	<u>32,887,442</u>
20.1 Analysis of Revenue Earnings		
Pioneer Profit - Section 17 Account	17,824,653	19,277,290
Non - Pioneer Profit	<u>16,258,251</u>	<u>13,610,152</u>
	<u>34,082,904</u>	<u>32,887,442</u>
The Profit derived from Pioneer business is exempt from Income Tax under Industrial Development (Income Tax Relief) Act. Similarly, Dividend distributed from Section 17 Account is not liable to Withholding Tax in the hand of the recipient.		
21 Supplementary profit or loss information		
21.1 General		
Profit before taxation for the year is stated after charging/(crediting):	3,059,515	2,789,629
Depreciation of property, plant and equipment	1,584,972	1,736,353
Audit fee	12,000	12,000
	<u>3,059,515</u>	<u>2,789,629</u>
22 Reconciliation of cash and cash equivalents		
Cash and bank balances (Note 9)	2,996,480	5,074,155
Bank Overdraft and Short Term Facilities	(264,793)	(1,812,694)
Investment in Treasury Bills -Due within 90days	10,380,530	4,951,413
Cash and cash equivalents at 31 December	<u>13,112,217</u>	<u>8,212,874</u>
23 Revenue		
Export Sales and Incentives	951,915	1,044,837
Domestic Sales	<u>27,751,180</u>	<u>35,504,832</u>
	<u>28,703,095</u>	<u>36,549,669</u>
24 Other operating income / charge		
24.1 Other operating income		
Profit on Sale of PPE	-	32
Miscellaneous Income	49,231	67,768
Interest Earned	2,002,588	1,083,558
Dividend Income	70	63
Rental Income	3,908	3,000
Exchange Gain	-	234,457
Impairment on trade receivables	120,057	-
Unamortised Interest	<u>21,663</u>	<u>28,365</u>
	<u>2,197,517</u>	<u>1,417,243</u>
24.2 Other operating charge		
Exchange Loss/(Gain)	4,753	-
Loss on sale of PPE	<u>3,504</u>	<u>-</u>
	<u>8,257</u>	<u>-</u>
25 Disposal Account		
Cost	4,300	622,893
Depreciation	<u>(624)</u>	<u>(622,767)</u>
Book Value Before Disposal	3,676	126
Sales Proceeds	<u>172</u>	<u>158</u>
Profit/(Loss) on sale of PPE	<u>(3,504)</u>	<u>32</u>

MINIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	31-Dec-18 N'000	31-Dec-17 N'000
26 Earnings per share		
Earnings per ordinary share (basic) have been computed on profit after taxation divided by the number of issued N1.00 ordinary shares in issue at the year end. There were no potentially dilutive ordinary shares at either year end.		
From continuing operations		
Net Profit attributable to equity holders	2,647,025	2,302,388
Earnings from continuing operations for the purpose of basic earnings per share	2,647,025	2,302,388
Effect of dilutive potential ordinary shares	-	-
Earnings from continuing operations for the purpose of diluted earnings per share	<u>2,647,025</u>	<u>2,302,388</u>
The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing operations.		
Weighted average number of shares	<u>907,898</u>	<u>907,898</u>
Basic earnings per share	<u>2.92</u>	<u>2.54</u>
Diluted earnings per share	<u>2.92</u>	<u>2.54</u>
27 Production Cost		
Raw Materials Consumed:		
Raw Materials at start	4,104,513	3,507,247
Purchase of raw materials	<u>21,733,696</u>	<u>30,135,924</u>
Raw Materials at close	25,838,209	33,643,171
Cost of raw material consumed	<u>(3,098,208)</u>	<u>(4,104,513)</u>
	<u>22,740,001</u>	<u>29,538,658</u>
Conversion Cost:		
Factory wages	534,972	535,333
Factory Overhead	953,446	2,008,592
Factory Rent	40,470	35,033
Depreciation - Factory Building and Plant & Machinery	<u>1,516,528</u>	<u>1,670,157</u>
Work-In-Progress at start	25,785,417	33,787,773
	<u>250,810</u>	<u>261,011</u>
Work-In-Progress at close	26,036,227	34,048,784
Cost of production	<u>(384,579)</u>	<u>(250,810)</u>
	<u>25,651,648</u>	<u>33,797,974</u>
Production Cost		
Finished Goods at start	25,651,648	33,797,974
Exports Freights and Charges	1,353,950	982,645
Finished Goods at close	-	-
Cost of sales	<u>(852,438)</u>	<u>(1,353,950)</u>
	<u>26,153,160</u>	<u>33,426,669</u>
28 Administrative expenses		
Staff cost (Note 34.1)	546,174	412,275
Rent and rates	75,382	59,871
Repairs and maintenance	9,299	9,279
Postage and Telephone	19,494	22,688
Printing and stationaries	13,375	11,824
Professional fees	115,177	29,365
Audit fees	12,000	12,000
Transport and Travelling	78,600	73,766
Electricity	2,298	1,787
Business Promotion and Public Relations	27,625	21,761
Depreciation - Others	68,443	66,197
Insurance and Security	97,500	105,768
Bad Debt Written Off	-	54,098
Office and general expenses	112,628	101,747
Bank Charges	140,022	270,850
Vehicle Running expenses	<u>59,761</u>	<u>56,505</u>
	<u>1,377,778</u>	<u>1,309,781</u>

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

		31-Dec-18 N'000	31-Dec-17 N'000
29	Selling and Distribution expenses Advertisement and Selling expenses	15,525	15,380
30	Finance Cost Interest Charges Amortised Interest	264,714 21,663	397,088 28,365
31	Operating Profit Before Taxation Export - Profit Domestic Profit	286,377 - 3,059,515	425,453 176,941 2,612,688
32	Operating Profit After Taxation Export - Profit Domestic Profit	3,059,515 - 2,648,099	2,789,629 176,941 2,122,610
33	Reconciliation of Net Income to Net Cash Generated from Operation Profit Before Taxation Depreciation of PPE Loss on sale of PPE Profit on sale of PPE Dividend Income Interest received Rental Income Interest paid Amortised Interest Changes in working capital:- Inventories Debtors Creditors	2,648,099 - 2,648,099 3,059,515 1,584,972 3,504 - (70) (2,002,588) (3,908) 286,377 (21,663) 1,211,264 2,053,584 (1,528,532) 4,642,455	2,299,551 176,941 2,122,610 2,789,629 1,736,353 - (32) (63) (1,083,558) (3,000) 425,453 (28,365) (1,049,333) 5,416,979 1,372,027 9,576,090
34	Information regarding employees		
34.1	Analysis of staff costs Salaries and wages Staff medical and Welfare	950,382 130,764 1,081,146	810,513 137,095 947,608
34.2	Analysis of the company's average monthly number of employees Management Senior Junior	39 52 617 708	42 94 676 812
	Emoluments fell within the following range:		
	- - 600,000	435	433
	600,001 - 900,000	162	197
	900,001 - 1,200,000	20	60
	1,200,001 - 1,800,000	26	60
	Above 1,800,000	65	62
		708	812

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

35 Risk management framework

The primary objective of the company's risk management framework is to protect their stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The company's principal significant risks are assessed and mitigated under three broad headings:

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arise from a company's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its inability to adapt to changes in its business environment.

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial risks – Risk associated with the financial operation of the company, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

35.1 Strategic risks

The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the company.

- i. To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
- ii. To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- iii. To retain financial flexibility by maintaining strong liquidity.
- iv. To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
- v. To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

Approach to capital management

The company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

There has been no significant changes to its capital structure during the past year from previous years.

35.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collections. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

35.3 Financial risks

The company has exposure to the following risks from financial instruments:

- Credit risks
- Liquidity risks
- Market risks

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

a Credit risks

Credit risks arise from a customer payment delays or outright default; inability to fully meet contractual obligations to providers. Exposure to this risk results from financial transactions with a customer.

The Company deals with credit worthy parties as a means of mitigating the risk of financial loss from defaults. The Company's exposure to parties is continuously monitored. Credit risk is controlled by regularly monitoring the counterparty outstandings.

Exposure to risk

The carrying amount of the company's financial instruments represents the maximum exposure to credit risk.

	31-Dec-18 N'000	31-Dec-17 N'000
Financial assets		
Trade and other receivables	7,210,176	9,244,661
Cash and cash equivalents	2,996,480	5,074,155
	10,206,656	14,318,816
<u>Age of receivables due but not impaired</u>		
0-30 days	1,487,947	852,248
31-60 days	456,239	620,473
61-90 days	386,305	318,056
91-180 days	40,503	2,136,349
180-365 days	22,030	1,376,854
Above 365 days	231,297	85,514
Amount receivable from trade debtors	2,624,321	5,389,494
Impairment allowance	(128,796)	(248,853)
	2,495,525	5,140,641

b Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The company employs policies and procedures to mitigate its exposure to liquidity risk. The company complies with minimum regulatory requirements.

c Market risks

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: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

MINL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2018

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company's principal transactions are carried out in naira and dollar and its financial assets are primarily denominated in the Naira. The Company is exposed to Foreign Exchange risk.

36 Capital management

In the management of its capital, the company has certain objectives which it intends to achieve, these include:

- the safeguarding of the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and the provision of an adequate return to shareholders by pricing products and services commensurately with the level of risk.
- consistency with others in the industry, the company monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt ÷ capital:
- net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (ie ordinary shares, share premium, retained earnings, and other reserves).

The debt-to-equity at 31 December, 2017 and at 31 December, 2016 were as follows:

	31-Dec-18	31-Dec-17
	N'000	N'000
Total liabilities	4,804,524	8,675,157
Less: Cash and cash equivalents	13,377,010	10,025,568
Excess Cash	8,572,486	1,350,411
Total equity	34,990,763	33,796,375
Debt-to-equity	14%	26%

37 Guarantees and other capital commitments

The directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these financial statement. The liabilities are relevant in assessing the company's state of affairs.

38 Staff pension scheme

The Company complies with the provisions of the Pension Reform Act 2004 whereby both employer 10% and employee contributed 8% of basic, housing and transport allowances on monthly basis. Both employer and employees' contributions are remitted monthly to the employees' chosen Pension Fund Administrators (PFA).

39 Contingent Liabilities

There were no contingent liabilities at 31 December 2018 (2017 - Nil) in respect of legal claims.

40 Events after reporting date

The Directors are of the opinion that there were no significant events after the reporting date which would have had any material effect on the state of affairs as at 31 December 2018 and on the profit or loss for the year ended on that day which require disclosure in these financial statements.

41 Comparative figures

Certain prior period figures have been reclassified to ensure proper disclosure and uniformity with current period presentation for a more meaningful comparison. These reclassification have no net impact on these financial statements.

MINL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

42 Value added statement

		31-Dec-18		31-Dec-17
		N'000		N'000
Revenue		28,703,095		36,549,669
Bought in materials and services - Imported		16,353,733		16,353,734
Bought in materials and services - Local		8,534,869		15,714,135
		<u>3,814,493</u>		<u>4,481,800</u>
Other operating Income		2,197,517		1,417,243
Value added		<u>6,012,010</u>		<u>5,899,043</u>
Distribution				
Employees				
Wages, Salaries and benefits	17.98	1,081,146	16.06	947,608
Government				
Company income tax	7.27	437,095	8.31	340,239
Deferred tax	(0.43)	(25,679)	-	149,839
Providers of capital				
Loan interest	4.76	286,377	7.21	425,453
The future				
Asset replacement - depreciation	26.36	1,584,972	29.43	1,736,353
Profit transferred to shareholders retained earnings	44.05	2,648,099	38.98	2,299,551
	100	6,012,010	100	5,899,043

Value Added Income represents the additional wealth the Company has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth between employees, capital providers, government and that retained in the business for further creation of wealth.

MINL LIMITED
**FIVE YEAR FINANCIAL SUMMARY
STATEMENT OF FINANCIAL POSITION**

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Assets	AS REPORTED UNDER IFRS				
	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16	31-Dec-15	31-Dec-14 N'000
Non Current Asset					
Property plant and equipment	10,179,967	11,348,219	11,409,545	11,798,557	10,893,054
Investment in shares	308,203	309,278	317,725	317,384	39,089
FRN Negotiable Instrument and Export Grant	3,197,914	3,197,914	3,197,914	3,197,914	3,316,914
Total non current assets	13,686,084	14,855,411	14,925,184	15,313,855	14,249,057
Current Assets					
Inventories	4,615,093	5,826,357	4,777,024	7,055,873	11,364,609
Trade and other receivables	4,421,069	6,474,653	11,891,632	11,889,643	11,398,335
Investment - Short Term	3,696,031	10,240,957	-	-	-
Cash and cash equivalents	13,377,010	5,074,155	7,508,651	573,932	1,035,632
Total current assets	26,109,203	27,616,122	24,177,307	19,519,448	23,798,576
Total assets	39,795,287	42,471,533	39,102,491	34,833,303	38,047,633
Liabilities and reserves					
Equity and reserves:					
Share capital	907,898	907,898	907,898	907,898	907,898
Other Reserves	(39)	1,035	(1,802)	(2,040)	(1,210)
Retained earnings	34,082,904	32,887,442	32,605,442	30,826,914	26,203,791
Total equity	34,990,763	33,796,375	33,511,538	31,732,772	27,110,479
Non current liabilities					
Deferred tax liability	1,802,710	1,828,389	1,677,333	49,622	50,496
Term Loan	57,371	135,708	207,343	273,414	334,785
Deferred Income - Government Grants	3,996	17,629	39,292	101,586	140,215
Total non current liabilities	1,864,077	1,981,726	1,923,968	424,622	525,496
Current liabilities					
Trade and other payables	2,195,763	3,724,294	2,352,268	952,307	4,450,505
Deferred Income - Government Grants	13,633	21,663	28,365	-	-
Borrowings	364,793	1,912,694	608,437	1,646,505	5,503,520
Dividend Payable	-	694,542	492,787	-	417,633
Taxation payable	366,258	340,239	185,128	77,097	40,000
Total current liabilities	2,940,447	6,693,432	3,666,985	2,675,909	10,411,658
Total equity and liabilities	39,795,287	42,471,533	39,102,491	34,833,303	38,047,633