Updc Plc.

Qrt.1 2015 Un-audited financial statements

Registered office Address:
No. 1-5 Odunlami Street Uac House Lagos

Contents

Qtr.1 2015 Un-Audited Financial Statements

updc

The financial report covers the operations of Updc Plc. and its subsidiaries for the period ended 31st March 2015.

UAC Property Development Company Plc

Statement of comprehensive income
For the period ended 31 March 2015

	Note	Group 31 Mar 15 N'000	Group 31 Mar 14 N'000	Company 31 Mar 15 N'000	Company 31 Mar 14 N'000
Revenue	5	1,447,023	3,117,921	960,498	2,633,687
Cost of sales	7	(1,110,128)	(2,816,871)	(811,306)	(2,436,631)
Gross profit		336,895	301,051	149,193	197,056
Selling and distribution expenses	7	(37,099)	(54,917)	(749)	(26,276)
Administrative expenses	7	(317,521)	(333,990)	(176,732)	(213,493)
Other operating profit	6	41,680	290,472	783,828	1,165,356
Operating profit		23,955	1,077,534	755,541	1,122,643
Finance income	8	124,993	-	124,993	-
Finance cost	8	(660,952)	(594,082)	(663,665)	(594,048)
Net finance cost		(535,959)	(594,082)	(538,672)	(594,048)
Share of profit of associates	6	739,435	874,919	-	-
Profit before taxation		227,431	483,451	216,868	528,594
Taxation	9	(43,374)	(99,296)	(43,374)	(99,296)
Profit for the year		184,057	384,155	173,495	429,298
Total comprehensive income for the period		184,057	384,155	173,495	429,298
Profit attributable to:					
Equity holders of the parent		178,523	391,350	173,495	429,298
Non controlling interest		5,534	(7,194)	-	-
Total comprehensive income attributable to:					
Equity holders of the parent		187,600	391,350	173,495	429,298
Non controlling interests		(3,543)	(7,194)	-	-
Earnings per share for profit attributable to the equity holders of the group		178,523	391,350	173,495	429,298
Basic EPS (Kobo)	10	12.98	28.46	12.62	31.22
Diluted EPS (Kobo)	10	12.98	28.46	12.62	31.22

The results shown above for both 2015 and 2014 relate to continuing operations.
The summary of significant accounting policies and notes on pages 5 to 30 are an integral part of these consolidated financial statements.

UAC Property Development Company Plc

Statement of financial position
As at 31 March 2015

	Note	Group 31 Mar 15 N'000	Group 31 Dec 14 N'000	Company 31 Mar 15 N'000	Company 31 Dec 14 N'000
Assets					
Non-current assets					
Property, plant and equipment	11	13,057,912	13,415,919	124,535	126,881
Intangible assets	11	45,641.61	30,353	37,248	20,806
Investment properties	12	16,460,319	16,542,109	16,460,319	16,542,109
Investments in associates and joint ventures	13	19,840,010	19,100,575	17,051,356	17,051,356
Investments in Subsidiaries	14	-	-	2,136,310	2,136,310
		49,403,882	49,088,956	35,809,768	35,877,462
Current assets					
Inventories	15	10,305,066	9,668,958	10,000,157	9,757,623
Trade and other receivables	17	10,028,109	9,203,129	24,388,945	23,801,162
Cash and short-term deposits	18	335,961	126,578	291,164	58,858
		20,669,136	18,998,664	34,680,265	33,617,643
Total assets		**70,073,018**	**68,087,620**	**70,490,034**	**69,495,105**
Liabilities					
Non-current liabilities					
Borrowings	19	8,822,530	7,501,530	8,822,530	7,501,530
Deferred taxation liabilities		1,040,022	1,040,023	1,040,022	1,040,023
Deferred Income		354,097	144,422	80,545	144,422
		10,216,649	8,685,974	9,943,096	8,685,974
Current liabilities					
Trade and other payables	21	8,097,820	6,610,452	8,132,582	6,509,050
Current income tax liabilities		459,246	712,928	68,546	712,928
Bank overdrafts and current portion of borrowings	19	14,998,293	16,025,500	14,998,293	16,025,500
		23,555,360	23,348,880	23,199,420	23,247,479
Total liabilities		**33,772,008**	**32,034,854**	**33,142,517**	**31,933,453**
Equity					
Ordinary share capital		859,375	859,375	859,375	859,375
Share Premium		3,943,273	3,943,273	3,943,273	3,943,273
Retained earnings		31,581,918	31,330,132	32,544,870	32,759,005
Equity attributable to equity holders of the Company		36,384,565	36,132,780	37,347,517	37,561,653
Non controlling interest		(83,556)	(80,013)	-	-
Total equity		**36,301,009**	**36,052,766**	**37,347,517**	**37,561,653**
Net equity and liabilities		**70,073,017**	**68,087,620**	**70,490,034**	**69,495,106**

The financial statements on pages 5 to 30 were approved and authorised for issue by the board of directors on April 28 2015.

The result shown above for the period ended 2015 and 2014 relate to continuing operations. The summary of significant accounting policies and notes on pages 5 to 30 are an integral part of these consolidated financial statements.

UAC Property Development Company Plc

Consolidated statement of changes in equity
As at 31 March 2015

Group

	Attributable to owners of the Company					
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	TOTAL N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2015	859,375	3,943,273	31,330,132	36,132,780	(80,013)	36,052,766
Prior year adjustment			73,263	73,263	-	73,263
Profit and loss			178,523	178,523	(3,543)	174,980
Other comprehensive income				-		-
Dividends/transfers	-	-	-	-	-	-
				-		-
Balance at 31 March 2015	859,375	3,943,273	31,581,918	36,384,566	(83,556)	36,301,010

Company

	Attributable to owners of the Company			
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	TOTAL N'000
Balance at 1 January 2015	859,375	3,943,273	32,759,005	37,561,653
Prior year adjustment			(387,630)	(387,630)
Profit and loss			173,495	173,495
Other comprehensive income				
				-
Post tax actuarial gains				-
Dividends/Transfers			-	-
				-
Balance at 31 March 2015	859,375	3,943,273	32,544,870	37,347,517

UACN PROPERTY DEVELOPMENT COMPANY PLC

Statement of Cash Flows
As at 31 March 2015

	Note	Group		Company	
		2015	**2014**	**2015**	2014
		Mar	Dec	Mar	Dec
		=N='000	**=N='000**	**=N='000**	**=N='000**
Operating profit before taxation		**227,431**	**3,540,525**	**216,868**	**2,036,161**
Adjustments:					
Depreciation of PPE		**114,191**	598,726	**14,978**	117,332
Amortization of intangible asset		**-**	1,486	**-**	1,486
Net gain on disposal of investment properties		**-**	(1,541,406)	**-**	(1,541,406)
Fair Value on Loans and borrowings		**-**	36,870	**-**	36,870
Net movement in retirement benefit obligation		**-**	-	**-**	-
Loss on disposal of PPE		**-**	-	**-**	(34,921)
Finance expense		**660,952**	2,657,289	**663,665**	2,657,289
Finance income		**(124,993)**	(721,787)	**(124,993)**	**(721,787)**
Cash flow from operating activities (note 25)		**877,581**	**4,571,703**	**770,519**	**2,551,024**
Changes in working capital					
(Increase)/decrease in inventories		**1,302,280**	3,362,811	**1,274,136**	2,966,095
(Increase)/decrease in receivables		**824,980**	(4,238,488)	**587,782**	(2,855,462)
Increase / (decrease) in payables		**(2,020,290)**	(811,560)	**(1,623,532)**	(719,473)
Cash flow from operating activities (note 25)		**984,551**	**535,346**	**1,008,906**	216,493
Tax paid		**-**	(300,431)	**-**	(300,431)
Net Cash in/(out) flow from operating activities	20	**984,551**	**234,915**	**1,008,906**	**(83,938)**
Cash flow from investing activities					
Proceeds from sale of investment property		**-**	1,200,000	**-**	1,200,000
Purchase of property, plant & equipment	11	**(29,201)**	(315,480)	**(29,073)**	(58,432)
Purchase of intangible assets		**15,288**	(61,307)	**16,441**	(22,291)
Proceeds from sale of property, plant and equipment		**-**	1,387	**-**	1,388
Purchase of investments properties	13	**(1,311)**	(77,367)	**(1,311)**	(77,367)
Distribution from REIT		**-**	929,740		929,740
Disposal/(Purchase) of investments (joint venture project)	14	**-**	939,885	**-**	939,885
Interest received		**124,993**	721,787	**124,993**	721,787
Net cash flow from investing activities		**109,769**	**3,338,645**	**111,050**	**3,634,710**
Cash flow from financing activities					
Proceeds from borrowings		**-**	13,853,000	**-**	13,853,000
Repayment of borrowings		**(1,500,000)**	(13,670,000)	**(1,500,000)**	(13,670,000)
Dividend paid		**-**	(962,583)	**-**	(962,583)
Interest paid	8	**(660,952)**	(2,657,289)	**(663,665)**	(2,657,289)
Net cash flow from financing activities		**(2,160,952)**	**(3,436,872)**	**(2,163,665)**	**(3,436,872)**
Net decrease in cash and cash equivalents		**(1,066,631)**	**136,688**	**(1,043,709)**	113,900
Cash and cash equivalents at the beginning of the period		**(1,010,130)**	(1,146,819)	**(1,077,850)**	(1,191,750)
Cash and cash equivalents at the end of the period (Note 18)		**(2,076,761)**	(1,010,130)	**(2,121,559)**	**(1,077,850)**

The statement of accounting policies and notes on pages 5 and 30 form an integral part of these financial statements

UACN PROPERTY DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

UACN Property Development Company Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The group's principal business activities are in the real estate and hospitality sectors. The address of the registered office is 1-5 Odunlami Street, Lagos.

The company is a public limited company and is listed on the Nigerian Stock Exchange.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of UPDC have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(All amounts are in Naira thousands unless otherwise stated)

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the company.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no significant impact on the group financial statements as a result.

2. Summary of significant accounting policies (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The group is not currently subjected to significant levies so the impact on the group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

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

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.

2. Summary of significant accounting policies (continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to,variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

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

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

(c) Disposal of subsidiaries

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

2. Summary of significant accounting policies (continued)

(d) Associates and joint ventures

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

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

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

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

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

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

(e) Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. IFRS GAAP plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

2. Summary of significant accounting policies (continued)

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

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

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

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

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

2. Summary of significant accounting policies continued

2.5 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment.

Land and buildings comprise mainly of retail outlets and offices as well as hotel rooms.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated cost less accumulated depreciation and any accumulated impairment losses. All other assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

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

Property, plant and equipment are depreciated on a straight line basis over the current useful lives of the assets. The estimated useful lives of the assets are:

Leasehold buildings	Lease terms vary from 5 to 99 years
Heavy industrial plant	5 to 10 years
Furniture and office Equipment	3 to 5 years
Light industrial plant	2 to 5 years
Heavy vehicles	7 to 10 years
Light vehicles	4 to 6 years
Computer equipment	3 to 5 years

The useful lives and residual values are reassesed at the end of each reporting period and adjusted if necessary.

The depreciation on property, plant and equipment is recognised in profit or loss in the year in which it occurred.

The gain or loss on property, plant and equipment is determined by subtracting the carrying value from the net disposal proceeds on date of sale. The gain or loss on sale of property, plant and equipment is recognised in the statement of comprehensive income and is not classified as revenue.

Subsequent expenditure relating to an item of equipment is capitalised when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it incurred.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2. Summary of significant accounting policies (continued)

2.6 Intangible assets(continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recogniesd as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

2.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise mainly of commercial projects constructed and acquired with the aim of leasing out to tenants.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

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

The group makes use of internal and external valuation experts. Each property is valued by an external valuater at least every three years.

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

2. Summary of significant accounting policies (continued)

2.7 Investment properties (continued)

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

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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

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

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

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Leasehold investment properties represent properties acquired under government consent for 99 years.

2.8 Impairment of non-financial assets

The carrying value of assets is reviewed for impairment at each reporting date. Assets are impaired when events or changes in circumstances indicate that their carrying value may not be recoverable. If such indication exists and where carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Recoverable amounts are determined as the higher of fair value less costs to sell or value in use. Impairment losses and the reversal of impairment losses are recognised in the statement of comprehensive income. 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 has been recognised.

2. Summary of significant accounting policies (continued)

2.9 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.10 Financial assets

2.10.1 Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.14 and 2.15).

(b) Available-for-sale financial assets

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

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

2.10.2 Recognition and measurement

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

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

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

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

2. Summary of significant accounting policies (continued)

2.11 Offsetting financial instruments

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

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

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

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If an asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

(b) Assets classified as available for sale

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

2. Summary of significant accounting policies (continued)

2.13 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is based on standard costing that comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.14 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.15 Cash, cash equivalents and bank overdrafts

Cash, cash equivalents and bank overdrafts includes cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than three months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of the Group's cash management.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.17 Trade payables

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

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

2.18 Borrowing costs

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

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

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

2. Summary of significant accounting policies (continued)

2.19 Provisions

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

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Share capital

Ordinary shares are classified as equity.

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

Where any group company purchases the company's equity share capital (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 or reissued. Where such ordinary shares are subsequently 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.

2. Summary of significant accounting policies continued

2.21 Current and deferred income tax

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

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

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

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

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

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

2.22 Employee benefits

Pension schemes

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2. Summary of significant accounting policies (continued)

2.22 Employee benefits (continued)

(a) Gratuity scheme

The group operates a gratuity scheme. Under this scheme all full time employees are entitled to a defined percentage of their final salary based on the number of years they worked for group to be paid upon retirement. To be eligible for the scheme the employee must have worked for the group for a minimum of 3 years. This scheme meets the definition of a defined benefit plan.

During the beginning of the period ended 31 December 2012 the scheme was modified. As a result of the modification the group will contribute on a annual basis a fixed percentage of the employees salary to a fund. The funds will be invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement. Based on the modifications of this scheme it is treated as a defined contribution scheme from 1 January 2012.

(b) Defined Contribution scheme

The Pensions Reform Act of 2004 requires all companies to pay a minimum of 7.5% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees. This is classified as a defined contribution plan.

The contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

(c) Profit-sharing and bonus plans

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

2. Summary of significant accounting policies (continued)

2.23 Revenue recognition

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

Sales of goods are recognised when significant risks and rewards of ownership have been transferred to buyers.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest are recognised using the effective interest method as set out in IAS 39.

(a) Sale of real estate

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

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

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

(b) Rental income

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

Service and management fee charges are recognised in the accounting period in which the services are rendered. When the group is acting as an agent, the commission rather than gross income is recorded as revenue.

2. Summary of significant accounting policies (continued)

2.24 Leases

(a) The group company is a lessee
(i) Operating lease
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease
Leases of assets where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and noncurrent borrowings. The interest element of the finance cost is treated as borrowing costs (see Note 2.18) and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Investment properties recognised under finance leases are carried at their fair value.

(b) The group company is a lessor
(i) Operating lease
Refer to revenue recognition policy.

2.25 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. In respect of interim dividends these are recognised once paid.

4. Significant judgements and estimates

4.1 Significant estimates

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

a) Investment property

The Group uses a combined approach of valuing investment properties using internal and external experts.

For external valuations professional valuers' make use of the following key assumptions:

1. That the interests held by the company as evidenced by title deeds are good and markeable;

2. That the properties are free from onerous restrictions and charges;
3. That the properties are not adversely affected by or subject to compulsory acquisition, road widening, planning restrictions or urban renewal schemes

4. That the properties are free from structural, infestation or concealed defect conditions of properties and no sign of impairment.

For internal valuations management make use of the open market valuation method
To obtain the open market value the following were considered
- A willing buyer
- A will seller
- The property is freely exposed to the market
- A reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market
- No account is to be taken of an additional bid by a special purchaser

	Group		Company	
	2015	2014	2015	2014
Freehold building	674,222	673,986	674,222	673,986
Leasehold building	15,786,097	15,868,123	15,786,097	15,868,123
Total investment properties	**16,460,319**	**16,542,111**	**16,460,319**	**16,542,109**

b) Defined benefit obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

4.2 Significant judgements

a) Revenue recognition

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

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

5. Segmental Analysis

The chief operating decision-maker has been identified as the Executive Committee (Exco). Exco reviews the company's internal reporting in order to assess performance and allocate resources. Management has identified the following as operating and geographical segments.

Property development, sales & management - Uacn Property Development Plc (UPDC) main business is the acquisition, development, sals and management of high quality serviced commercial and residual properties in the luxury, premium and classic segments of the real estate market in Nigeria. The company approaches property planning from the customers' perspective to create comfortable living/working environments.

Hospitality services - UPDC Hotels Limited the company's subsidiary is in the hospitality industry and leverages significantly on the success of its principal promoter Uacn Property Development Company Plc. The hotel provides services such as sale of rooms, conference halls as well as food & beverage services.

31 March 2015	Property development sales & management **N'000**	Hospitality services **N'000**	Total **N'000**
Total Revenue	952,498	486,525	1,439,023
Intergroup revenue	8,000	-	8,000
Revenue to third parties	960,498	486,525	1,447,023
Earnings before interest and tax	755,541	(731,586)	23,955
Profit before tax	216,868	10,563	227,431
Net current assets	11,480,845	(14,367,069)	(2,886,224)
Property, plant and equipment	124,535	12,933,376	13,057,912

31 March 2014	Property development sales & management N'000	Hospitality services N'000	Total N'000
Total Revenue	2,609,687	484,234	3,093,921
Intergroup revenue	24,000	-	24,000
Revenue to third parties	2,633,687	484,234	3,117,921
Earnings before interest and tax	1,122,643	(45,109)	1,077,534
Profit before tax	528,594	(45,143)	483,451
Net current assets	10,370,164	(14,720,380)	(4,350,216)
Property, plant and equipment	126,881	13,289,038	13,415,919

Entity wide information

Analysis of revenue by category:	**31 Mar 2015** N'000	**31 Mar 2014** N'000
Sale of property stock	791,450	2,385,570
Rental income	115,850	129,448
Rest house revenue	-	-
Project management fees	53,199	118,669
UACN Property Development Company Plc	960,498	2,633,687
UPDC Hotels Limited	486,525	484,234
	1,447,023	3,117,921

Analysis of revenue by geographical location:	**31 Mar 2015** N'000	**31 Mar 2014** N'000
Nigeria	1,447,023	3,117,921
	1,447,023	3,117,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Other Income and expenses	**Group**		**Company**	
	2015	2014	2015	2014
	N'000	N'000	**N'000**	N'000
Distribution income from REIT	**-**	-	**739,435**	874,919
Profit from JV ompanies		188,610		188,610
Sales commission received	**22,606**	26,488	**22,606**	26,488
Income from legal services	**13,467**	49,994	**13,467**	49,994
Other Income	**5,607**	**25,346**	**8,320**	**25,346**
Total other income	**41,680**	**290,438**	**783,828**	**1,165,356**
Share of profit of associates	**739,435**	**874,919**	**-**	**-**

7. Expenses by nature	**Group**		**Company**	
	2015	2014	2015	2014
	N'000	N'000	**N'000**	N'000
Change in inventories of finished goods and work in progress	**1,007,621**	2,746,136	**708,798**	2,365,897
Direct operating expenses for Investment properties	**102,507**	70,734	**102,507**	70,734
Personnel expenses	**80,656**	96,026	**34,331**	42,907
Depreciation & Amortization	**114,191**	122,489	**14,978**	29,403
Auditors' remuneration	**10,000**	6,500	**10,000**	5,500
Directors' emoluments	**12,978**	19,260	**12,978**	19,260
UACN management fee	**9,136**	25,290	**9,136**	25,290
Information Technology	**20,035**	11,593	**12,708**	15,011
Insurance	**9,892**	9,892	**154**	4,940
Directors'Passage Allowance	**39,245**	38,976	**39,245**	38,976
Marketing, Communication & Entertainment	**37,099**	54,917	**749**	41,566
Other expenses	**21,388**	**3,964**	**43,202**	16,916
	1,464,749	3,205,778	**988,787**	2,676,400
Cost of sales	**(1,110,128)**	(2,816,871)	**(811,306)**	(2,436,631)
Selling and distribution expenses	**(37,099)**	(54,917)	**(749)**	(26,276)
Admininstrative expenses	**(317,521)**	(333,990)	**(176,732)**	(213,493)
	(1,464,748)	(3,205,778)	**(988,786)**	(2,676,400)

8. Net finance income/(cost)

	Group		**Company**	
	2015	2014	2015	2014
	N'000	N'000	**N'000**	N'000
Finance Income	124,992	-	124,992	-
Interest payable on bank loans	420,705	353,835	423,418	353,801
Interst payable on bank overdraft	240,247	240,247	240,247	240,247
Finance Costs	660,952	594,082	663,665	594,048
Net finance cost	(535,960)	(594,082)	(538,673)	(594,048)

9. Taxation	**Group**		**Company**	
	2015	2014	2015	2014
	N'000	N'000	**N'000**	N'000
Current tax				
Nigeria corporation tax charge for the year	**43,374**	99,296	**43,374**	99,296
Total current tax charge	43,374	99,296	43,374	99,296

The Corporattion Tax Charge for the quarter end is estimated at 2% of profit before Tax

10. Earnings Per Share

(a) Basic
Basic earnings per share is calculated by dividing the profit

	Group 2015	2014
Profit attributable to ordinary equity shareholders (NGN	178,523	391,350
Basic earnings per share	**0.13**	0.28

	Group 2015 Number	2014 Number
Basic weighted average and Diluted weighted average number of shares.	**1,375,000,000**	1,375,000,000

(b) Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dillutive potential ordinary shares. The group has no dilutive instruments.

11. Property plant and equipment

Group

Cost	Leasehold land and buildings N'000	Plant and Machinery N'000	Motor vehicles & Office furniture N'000	Total N'000
At 1 January 2015	14,399,561	800,773	1,754,981	16,955,315
		128	29,073	29,201
Disposals		-	(7,172)	(7,172)
31 March 2015	14,399,561	800,901	1,776,882	16,977,344
Accumulated depreciation				
At 1 January 2015	1,633,036	669,883.15	1,463,853	3,766,772
Charge for the year	61,337	23,421.95	29,432	114,191.27
Disposals		-	(7,172)	(7,172)
31 March 2015	1,694,373	693,305	1,486,113	3,873,791
Net book values				
At 31 March 2015	12,705,188	107,596	290,769	13,103,553
At 31 December 2014	12,766,525	130,890	291,129	13,188,541

Company

Cost	Leasehold land and buildings N'000	Plant and Machinery N'000	Motor vehicles & office furniture N'000	Total N'000
At 1 January 2015	-	113,569	382,771	496,340
Additions	-		29,073	29,073
Disposals			(7,172)	(7,172)
31 March 2015	-	113,569	404,672	518,242
Accumulated depreciation				
At 1 January 2015	-	70,578	278,076	348,654
Charge for the year	-	3,571	11,407	14,978
Disposals	-		(7,171)	(7,171)
31 March 2015	-	74,149	282,312	356,461
Net book values				
31 March 2015	-	39,420	122,360	161,780
At 31 December 2014	-	42,991	104,695	147,686

Intangible assets

	Group		Company	
	Software N'ooo	Total N'ooo	Software N'ooo	Total N'ooo
At 1 January 2015	30,353	30,353	22,291	22,291
Additions	26,874	26,874	18,480	18,480
Disposals				
At 31 Macrh 2015	57,227		40,771	
Depreciation				
Accumulated Dep Opening Bal Mach 2015	2,304	2,304	1,486	1,486
Charge to P&L	9,281	9,281	2,039	2,039
Accumulated Dep Closing Bal Mach 2015	11,585	11,585	3,525	3,525
Net Book Value		-		-
At 31 Macrh 2015	45,642	45,642	37,246	-
31st December 2014	30,353	30,353	20,805	20,805

12. Investment property

	Group			Company		
Fair value	Freehold building N'ooo	Leasehold building N'ooo	Total investment properties N'ooo	Freehold building N'ooo	Leasehold building N'ooo	Total investment properties N'ooo
At 1 January 2015	673,986	15,868,123	16,542,109	673,986	15,868,123	16,542,109
Additions	236	1,075	1,311	236	1,075	1,311
Disposals	-	(83,101)	(83,101)	-	(83,101)	(83,101)
Net gain from fair value adjustments on investment property						-
At 31 March 2015	674,222	15,786,097	16,460,319	674,222	15,786,097	16,460,319

13. Investments in associates and equity accounted joint ventures

Principal investments	2015 N'000	2014 N'000	2015 % holding	2014 % holding
Quoted shares:				
Updc REIT	**18,538,372**	18,538,372	**61.5%**	61.5%

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
At 1 January	19,100,575	17,991,241	17,051,356	17,991,241
Share of profit	739,435	2,978,959	-	
Disposal of associate		(939,885)		(939,885)
Dividend received		(929,740)		
At 31 March	19,840,010	19,100,575	17,051,356	17,051,356

14. Investments in subsidiaries

Principal investments	2015 N'000	2014 N'000	2015 % ownership	2014 % ownership
UPDC Hotels Limited	**2,082,500**	2,082,500	94.70	94.70
2,082,500,000 Shares of =N=1.00 each				
Manor Gardens	**53,810**	53,810	67.50	67.50
53,810,000 Ordinary Shares of =N=1.00 each				
	2,136,310	2,136,310		

15. Inventories

	Group		Company	
	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Comsumption stocks and spares	**24,808**	142,520		-
Non stock trade	**169,986**	37,254	**20,997**	15,401
Properties under construction (note 17)	**10,110,272**	9,489,183	**9,979,160**	9,742,222
	10,305,066	9,668,957	**10,000,157**	9,757,623

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

16. Properties under construction

	Group	Company
Cost/ Valuation		
Balance 1 January 2015	**9,873,334**	**9,742,222**
Additions	**870,854**	**870,854**
Disposals	**(633,916)**	**(633,916)**
Balance 31 March 2015	**10,110,272**	**9,979,160**

17. Trade and other receivables

	Group		Company	
Receivables due within one year	**2015 N'000**	2014 N'000	**2015 N'000**	2014 N'000
Trade receivables	**2,513,130**	2,403,087	**2,332,825**	2,293,103
Less: provision for impairment of trade receivables	**(203,001)**	(195,644)	**(203,001)**	(195,644)
Net trade receivables	**2,310,130**	2,207,443	**2,129,824**	2,097,459
Receivables from group companies	**5,397,539**	4,926,074	**19,984,101**	19,678,654
Other receivables	**2,209,586**	1,949,180	**2,209,586**	1,949,180
Advances to staff	**12,952**	10,818	**12,895**	10,748
Prepayments and accrued income	**97,903**	109,614	**52,538**	65,121
	10,028,109	9,203,129	**24,388,945**	23,801,162

Analysis of other receivables

	Group 2015	Group 2014	Company 2015	Company 2014
Bond sinking fund	**210,833**	62,500	**210,833**	62,500
Advances to Contractors	**1,365,922**	1,178,714	**1,365,922**	1,178,714
Joint Ventures Imani	**519,899**	501,675	**519,899**	501,675
Sundrydebtors	**112,932**	206,291	**112,932**	206,291
	2,209,586	1,949,180	**2,209,586**	1,949,180
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Movements in the provision for impairment of trade receivables are as follows:

	Group		Company	
	2015 N'000	2014 N'000	**2015 N'000**	2014 N'000
At 1 January	**195,644**	173,580	**195,644**	173,580
Provision for receivables impairment	**7,357**	22,064	**7,357**	22,064
At 31 March	**203,001**	**195,644**	**203,001**	**195,644**

18. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Cash at bank and in hand	335,961	126,578	291,164	58,858
Cash and short-term deposits	**335,961**	**126,578**	**291,164**	**58,858**
Less: bank overdrafts (included in borrowings, note 21)	(2,412,722)	(1,136,708)	(2,412,722)	(1,136,708)
Cash and cash equivalents	**(2,076,761)**	**(1,010,130)**	**(2,121,559)**	**(1,077,850)**

19. Borrowings

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Current borrowings				
Overdrafts due within one year	2,412,722	1,136,708	2,412,722	1,136,708
Commercial papers dues within one year	10,432,861	10,432,861	10,432,861	10,432,861
Loans due within one year (i)	2,152,709	4,455,931	2,152,709	4,455,931
Deferred Bond expenses	-	-	-	-
	14,998,293	**16,025,500**	**14,998,293**	**16,025,500**
Non-current borrowings				
Loans due after one year (i)	8,822,530	7,501,530	8,822,530	7,501,530
Fair Value	-	-	-	-
Intra-group finance lease liabilities (iii)			-	-
Deferred Bond expenses		-		-
	8,822,530	**7,501,530**	**8,822,530**	**7,501,530**
Total borrowings carried at fair value	**23,820,823**	**23,527,030**	**23,820,823**	**23,527,030**

(i) Loans

Company

	Amount due				
Details of the loan maturities are as follows:	2015 N'000	2014 N'000	**Tenor**	**Repayment terms**	**Security**
Guarantee Trust Bank Plc	3,491,611	1,750,000	53 months	Quarterly	Equitable mortgage
FBN Plc (Refinanced IFC Loan)	-	570,000	48 months	Half yearly	Equitable mortgage
Union Bank of Nigeria Plc	1,321,000	-	17 months	Quarterly	Equitable mortgage
First Securities Discount House Limited	4,009,918	-	50 months	Quarterly	Equitable mortgage
	8,822,530	**9,511,331**			
	8,822,530	**9,511,331**			

The average interest rate for facilities from local banks during the period was 13.1% (2012 was 12.05%) inclusive of the balance Corporate of Corporate Bond at 10% coupon.
All covenants attached to borrowings have been complied with throughout the period.
Total borrowing cost of N3.30 billion (N2.95 billion) have been capitalised into various projects using weighted average rate of 13.1%

Details of commercial papers

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Diamond Bank Plc	500,000	300,000	500,000	300,000
Zenith Bank Plc	500,000	-	500,000	-
UBA Plc	8,932,861	7,432,861	8,932,861	7,432,861
FSDH	500,000	5,000,000	500,000	5,000,000
Total Commercial Papers	**10,432,861**	**12,732,861**	**10,432,861**	**12,732,861**

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

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Profit before tax	**227,431**	**3,540,525**	**216,868**	**2,036,161**
Adjustment for net finance (income)/costs				
Operating profit	**227,431.00**	**3,540,525**	**216,868.39**	**2,036,161**
Depreciation	114,191.00	598,726	14,978.00	117,332
Amortization of intangible asset	-	30,954	-	1,486
Revaluation Surplus gain on Investment Property	-	(1,541,406)	-	(1,541,406)
Gain on disposal of investment properties		(496,700)		(496,700)
Fair Value on Loans and borrowings	-	(36,870)	-	(36,870)
Transfer of investment property from AUC	-	(297,741)	-	(297,741)
Loss on disposal of property, plant and equipment	-	37,309	-	37,309
Interest expense	660,951.58	2,657,289	663,665.02	2,657,289
Interest income	-124,992.57	(721,787)	-124,992.57	(721,787)
Dividend from REIT		(929,740)		(929,740)
Share of associate's profit		(2,049,219)		-
Operating cash flows before movements in working	877,581.01	791,340	770,518.84	825,333
Movements in working capital:				
Inventories	1,302,279.82	4,588,382	1,274,136.30	2,966,095
Receivables	824,980.41	(4,032,422)	587,782.32	(2,855,462)
Payables	-2,020,289.75	(811,955)	-1,623,531.50	(719,473)
Cash generated from operations	**984,551.48**	535,345	**1,008,905.96**	216,492
Taxation	**-**	(300,431)	**-**	(300,431)
	984,551.48	234,914	**1,008,905.96**	(83,939)
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21. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Trade payables	3,256,830	1,243,537	3,625,706	1,143,359
Amounts owed to group companies				
Amounts owed to other related parties	2,128,804	2,490,404	2,128,804	2,490,404
	5,385,635	**3,733,941**	**5,754,511**	**3,633,763**
Provision for employee leave	-	-	-	-
Other payables	1,833,122	1,760,861	1,573,383	1,080,113
Rental income received in advance	134,000	246,392	134,000	246,392
Accruals	745,064	869,257	670,688	
		-		-
Total	8,097,820	6,610,452	8,132,582	4,960,269
Analysis of other payables				
Provision for interest receivable	-	-	-	-
Bank Charges Suspense	374,255		853,951	
Other Provisions	687,732		687,732	
Sundry creditors	771,135	914,481	31,700	694,162
	1,833,122	914,481	1,573,383	694,162
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	Group		Company	
	2015	2014	2015	2014
	Days	Days	Days	Days
Average credit period taken for trade purchases	81	81	81	81

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying amount of trade and other payables to approximate its fair value.

22. Related party transactions

The ultimate parent and controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to UPDC through common shareholdings.

The following transactions were carried out with related parties:

(a) Sales of goods and services	**Relationship**	**Group**		**Company**	
		2015	2014	2015	2014
		N'000	N'000	N'000	N'000
UAC of Nigeria Plc	Parent	28,497	33,957	28,497	33,957
UAC Restaurants Limited	Fellow Subsidiary	626	1,261	626	1,261
MDS Logistics Plc	Fellow Subsidiary	`	2,191	`	2,191
UNICO	Fellow Subsidiary	1,261	-	1,261	-

(b) Purchases of goods and services

		Group		**Company**	
		2015	2014	2015	2014
		N'000	N'000	N'000	N'000
UAC of Nigeria Plc	Parent	73,701	1,272	73,701	1,272
UAC Restaurants Limited	Fellow Subsidiary	18,899	1,949	18,899	1,949
Warn Spring Waters Nig Limited	Fellow Subsidiary	121	850	121	850
MDS Logistics Plc	Fellow Subsidiary	554	-	554	-
UNICO	Subsidiary	-	-	762	2,450

	Group		**Company**	
	2015	2014	2015	2014
Payable	N'000	N'000	N'000	N'000
UAC of Nigeria Plc.	1,478,804	17,830	1,478,804	17,830
MDS Logistics Plc	650,000	1,200,000	650,000	1,200,000

All trading balances will be settled in cash.
There were no provisions for doubtful related party receivables at 31 March 2015 (2014: nil) and no charges to the income statement in respect of doubtful related party receivables (2014: nil).

The related party transactions were carried out on commercial terms and conditions.

23. Management service agreement

The company has a Management Service Agreement with UAC of Nigeria Plc. This agreement provides that the Company pays an annual fee of 1% of its turnover to UACN for services received under the agreement. The services provided include Business Strategy and Financial Advisory, Treasury, Secretarial & Legal, Human Resources Management, Insurance, Pensions & Gratuity Administration, Medical etc. The amount charged in these financial statements is N9.17m(2014-N25.9m)