

NCR (NIGERIA) PLC  
Lagos, Nigeria

REPORT OF THE DIRECTORS  
AND

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

NCR (NIGERIA) PLC

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENT	PAGE
DIRECTORS AND OTHER CORPORATE INFORMATION	3
REPORT OF THE DIRECTORS	4
SUSTAINABILITY STATEMENT	12
CORPORATE GOVERNANCE REPORT	15
COMPLAINTS MANAGEMENT POLICY	21
STATEMENT OF DIRECTORS' RESPONSIBILITIES	24
REPORT OF THE AUDIT COMMITTEE	25
INDEPENDENT AUDITORS' REPORT	26
AUDITED FINANCIAL STATEMENTS:	
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	30
STATEMENT OF FINANCIAL POSITION	32
STATEMENT OF CHANGES IN EQUITY	33
STATEMENT OF CASH FLOWS	34
NOTES TO THE FINANCIAL STATEMENTS	35
OTHER NATIONAL DISCLOSURES:	
VALUE ADDED STATEMENT	92
FIVE-YEAR FINANCIAL SUMMARY	93

NCR (NIGERIA) PLC

DIRECTORS AND OTHER CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

Board of Directors

Otunba Adekunle Ojora OFR, CON, FNIM, JP  
Mr. Harold Nnaemeka Anumihe

Chairman  
Country Manager/CEO, Executive Director  
(Resigned 31 December 2018)  
Country Manager/CEO, Executive Director  
(Appointed 12 March 2019)  
Non-Executive Director  
Independent Non-Executive Director  
Executive Director  
Non- Executive Director

Ms. Christiana Nnawo Yisa

Mr. Michael Vallier (American)  
Mr. Matthew Akinlade (FCA)  
Mrs. Olufunke Hussain  
Ms. Louise Georgiou (Cypriot)

Registered Office

NCR (Nigeria) Plc  
NCR House  
6, Broad Street  
P.O. Box 509  
Lagos  
Nigeria.

Registered Number

RC 751

Company Secretary

Mrs. Olufunke Hussain

Registrar

Apel Capital Registrars Limited  
Apel House,  
8, Alhaji Bashorun Street,  
Off Norman Williams,  
South-West Ikoyi, Lagos  
Nigeria.  
Tel: 01 -2932121, 07046277071

Auditors

Ernst & Young  
10th & 13th Floors  
UBA House  
57 Marina, Lagos.

Solicitor

Olaniwun Ajayi  
The Adunola  
Plot L2, Banana Island,  
Ikoyi,  
Lagos.

## NCR (NIGERIA) PLC

### REPORT OF THE DIRECTORS

#### FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in presenting to the members of NCR (Nigeria) Plc ("the Company") their report together with the audited financial statements for the year ended 31 December 2018.

#### LEGAL FORM

NCR (Nigeria) Plc is incorporated in Nigeria under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004 as a Public Liability Company, and is domiciled in Nigeria. The company commenced operations on 9 December 1949 under the name National Cash Register Company (West Africa) Limited, and changed its name to NCR (Nigeria) Limited in 1974. The company was granted a listing on the Nigerian Stock Exchange on 30 May 1979. In 1990, the name of the Company was changed to NCR (Nigeria) Public Liability Company in compliance with the Companies and Allied Matters Act. The name of the Company was changed to AT&T Global Information Solutions (Nigeria) Plc in 1994 and on 16 July 1996 the Company adopted its present name of NCR (Nigeria) Plc.

NCR (Nigeria) Plc is a subsidiary of NCR Corporation (NYSE: NCR), the global leader in consumer transaction technologies, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables more than 550 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business. NCR solutions run the everyday transactions that make your life easier.

NCR (Nigeria) Plc introduced the first ATM in Nigeria in 1989.

NCR is headquartered in Atlanta, United States of America with over 38,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries.

61.76% of the share capital of the Company is held by NCR Corporation, United States of America while the balance of 38.24% is held by Nigerians.

#### PRINCIPAL ACTIVITIES

The company's principal activity includes provision of technology and services that help businesses connect, interact and transact with their customers. The company is a technology Company that provides innovative products which include:

- ATM (Automated Teller Machines)
- ATM Value-add Software
- Retail Point of Sales terminals (Point of Sale)
- Self Service Kiosks
- Self-check-in/out systems

#### CHANGE IN THE REPORTING FRAMEWORK

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described in the accompanying financial statements.

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



NCR (NIGERIA) PLC

REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

STATE OF AFFAIRS

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

RESULTS FOR THE YEAR

The following is the summary of the Company's operating results:

	2018 N'000	2017 N'000
Revenue	6,621,647 =====	6,907,926 =====
Profit before taxation	69,907	620,042
Income tax	(44,000) -----	(469,374) -----
Profit after taxation	25,907 =====	150,668 =====

DIVIDEND

The board has not proposed any dividend in respect of the financial year ended 31 December 2018 (2017: Nil).

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment (PPE) is shown in Note 17 to the financial statements. In the opinion of the Directors, the market value of the Company's PPE is not less than the carrying value shown in the financial statements.

ACQUISITION OF OWN SHARES

The company has not purchased any of its own shares during the year ended 31 December 2018 (2017: Nil).

DIRECTORS

The names of the Directors at the date of this report and of those who held office during the financial year are as follows:

Otunba Adekunle Ojora OFR, CON, FNIM, JP		Chairman
Mr. Harold Nnaemeka Anumihe		Country Manager/CEO, Executive Director (Resigned 31 December 2018)
Mr. Michael Vallier	(American)	Non-Executive Director
Mr. Matthew Akinlade (FCA)		Independent Non-Executive Director
Mrs. Olufunke Hussain		Executive Director
Ms. Louise Georgiou	(Cypriot)	Non-Executive Director
Ms. Christiana Nnawo Yisa		Country Manager/CEO, Executive Director (Appointed 12 March 2019)

NCR (NIGERIA) PLC

REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

Since the last Annual General Meeting, there has been some changes in the composition of the Board. Mr. Harold Nnaemeka Anumihe resigned as a Director and the Country Manager/CEO, Executive Director of the Company with effect from 31 December 2018. On your behalf, we wish to thank him for his contributions.

Ms. Christiana Nnawo Yisa was recently appointed Country Manager/CEO, Executive Director on February 1, 2019 and a director of the Company with effect from 12 March 2019. We wish her the very best in her new role and we are confident that she will steer our Company to greater heights.

In accordance with Section 259 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in line with Article 93 of the Company's Articles of Association, Ms. Christiana Nnawo Yisa being a Director appointed since the last Annual General Meeting will retire and being eligible offers herself for election as Director of the Company.

In accordance with Section 259 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in line with Article 88 - 91 of the Company's Articles of Association, Mr. Matthew Akinlade FCA will retire by rotation and being eligible, offers himself for re-election as a Director of the Company.

DIRECTORS' INTEREST IN SHARES

The interest of Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and/or as notified by the Directors for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2018 and the Listing requirements of the Nigerian Stock Exchange are as follows:

	2018 Number of Shares	2017 Number of Shares
Otunba Adekunle Ojora OFR, CON, FNIM, JP	1,073,562	1,073,562
Mr. Michael Vallier	-	-
Mr. Matthew Akinlade FCA	44,349	44,349
Mrs. Olufunke Hussain	-	-
Mr. Harold Nnaemeka Anumihe (Resigned 31 December 2018)	-	-
Ms. Louise Georgiou	-	-
Ms. Christiana Nnawo Yisa	-	-

DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 of any direct or indirect interest in contracts or proposed contracts in which the Company was involved during the year ended 31 December 2018 (2017: Nil).

NCR (NIGERIA) PLC

REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

SUBSTANTIAL INTEREST IN SHARES

According to the register of members no one person or organization other than NCR Corporation, USA held more than 5% of the issued share capital of the Company as at 31 December 2018.

	2018		2017	
	Number of Shares	%	Number of Shares	%
NCR Incorporation	66,705,456	61.76	66,705,456	61.76
FREE FLOAT				
Strategic Shareholders	7,017,424	6.50%		
Parent Companies	66,705,456	61.76%		
Free Float	34,277,120	31.74%		
	-----	-----		
	108,000,000	100%		
	=====	=====		

ANALYSIS OF SHAREHOLDING

The issued and fully paid-up share capital of the Company is ₦54,000,000 divided into 108,000,000 ordinary shares of 50k each, of these 66,705,456 shares, equivalent to 61.76 per cent are held by NCR Corporation, USA, while 41,294,544 shares equivalent to 38.24 per cent are held by Nigerian shareholders as at 31 December 2018.

The shareholding range analysis as at 31 December 2018 is as shown below;

BEGINNING RANGE	ENDING RANGE	TOTAL SHARE HOLDER	% OF SHARE HOLDING	TOTAL SHARE HOLDING	% OF SHARE HOLDING
1	1,000	2,637.00	34.1%	1,116,909.00	1.0%
1,001	5,000	3,973.00	51.5%	8,550,757.00	7.9%
5,001	10,000	641.00	8.3%	4,443,222.00	4.1%
10,001	50,000	385.00	5.0%	6,881,994.00	6.4%
50,001	100,000	45.00	0.6%	3,139,867.00	2.9%
100,001	500,000	41.00	0.5%	8,460,572.00	7.8%
500,001	1,000,000	3.00	0.0%	1,888,313.00	1.8%
1,000,001	5,000,000	4.00	0.1%	6,812,910.00	6.3%
10,000,001	9,999,999,999	1.00	0.0%	66,705,456.00	61.8%
		7,730.00	100.00%	108,000,000.00	100.00%



## NCR (NIGERIA) PLC

### REPORT OF THE DIRECTORS – Continued

#### FOR THE YEAR ENDED 31 DECEMBER 2018

##### CHARITABLE CONTRIBUTIONS

The company did not make any charitable donations during the year ended 31 December 2018 (2017: Nil).

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

##### DISTRIBUTION OF THE COMPANY'S PRODUCTS

The company markets its products through its sales personnel and distributors.

The distributor used by the Company during the year was Tricontinental Limited.

##### CONFLICT RESOLUTION

NCR recognizes that conflicts may arise among individuals who bring different skills, qualities, and personalities into the workplace. Early resolution of these conflicts is in everyone's best interest. Throughout the company, NCR provides processes and procedures to help employees and managers resolve conflicts in the workplace. We encourage all employees to seek information about conflict resolution from their managers or from HR Central.

##### WORKPLACE VIOLENCE

NCR is committed to providing a safe and secure work environment for its employees and visitors. All individuals on NCR premises must treat one another with respect and courtesy. NCR will not tolerate acts or threats of violence. To support NCR's "zero tolerance" position toward workplace violence, both employees and visitors to NCR's facilities must report instances of actual or threatened violence on NCR premises.

NCR's Workplace Violence Policy provides guidelines on the appropriate actions if employees and visitors witness actual or threatened acts of violence. Depending upon the nature and severity of the incident, NCR will engage law enforcement authorities, on-site security guards, community mental health advisors, or Human Resources to take prompt action to remove, discipline, counsel or prosecute any individual on NCR premises who poses a safety risk or commits an act of violence.

NCR prohibits the possession of weapons in the workplace.

##### NON-DISCRIMINATION

NCR is committed to providing a work environment free from any illegal discrimination based on race, color, religion, national origin, gender, age, disability, sexual orientation, marital status, or any other unlawful factor to the fullest extent required by law. Decisions concerning hiring, performance appraisals, and promotions will be based only on those factors permitted by law, such as an employee's qualifications, skills, and achievements.

NCR's policy is to comply with applicable human rights and employment laws. We do not tolerate unlawful discrimination in any aspect of employment, including employment terms and conditions, recruiting, hiring, compensation, promotion, or termination.



NCR (NIGERIA) PLC

REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

#### HARASSMENT

NCR is committed to providing a working environment that is free from harassment based on personal characteristics, including race, color, religion, national origin, gender, age, disability, sexual orientation, marital status, or any other characteristic protected by applicable law. We do not tolerate conduct that creates an intimidating or offensive work environment.

#### ENVIRONMENTAL, HEALTH & SAFETY MANAGEMENT

The company conducts all aspects of business in an environmentally sound manner, with care for the safety and health of our employees, customers, and the general public. As with other financials of the business, Environmental Health & Safety activities are integrated into the existing management structure and accountability process. This system helps to achieve continual improvement in Environmental Health & Safety performance by reducing losses from operational accidents and risks associated with non-compliance. Improvement in Environmental Health & Safety performance ultimately enhances the Company's competitive market position for providing services, products and solutions to the Company's customers. The company recognizes the need for employees with Environmental, Health & Safety responsibility to develop and maintain an appropriate level of Environmental, Health & Safety technical competency.

The company strives to minimize the environmental footprint of its operations and products, while also delivering innovative technologies and solutions designed to help businesses and consumers reduce their own environmental footprint.

The company is committed to complying with applicable health and safety regulations related to protecting employees and providing working conditions that are free from recognized hazards. The company's workplace programs are designed to protect the safety and health of employees and to prevent and mitigate workplace incidents that could arise from abnormal operating conditions and potential emergency situations.

#### EMPLOYEES' TRAINING

The company is committed to training and career growth. NCR University (NCRU) provides training resources and education programs to increase employee productivity and ensure professional growth. Management, professional and technical expertise are the Company's major assets and investment in their further development continues. The company believes that success depends on ability to develop a productive, capable organization committed to ongoing learning; employee development is therefore an integral part of the way the business is managed. The company invests in tools and opportunities that empower employees to take charge of their own personal and professional growth and development. Training is carried out at various levels through both in-house and professional training at its corporate technical training centres located in Cyprus, United Kingdom and United States of America.

## NCR (NIGERIA) PLC

### REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

#### BUSINESS CONDUCT AND ETHICS

NCR is a principle-based Company, the reputation of our Company is formed by each and every experience that customers, business partners, suppliers and the community have with us. We treat each other and our business partners with respect, honesty and fairness. We value the unique qualities, abilities and perspectives each person brings to a challenge or opportunity, and we also know that as a team we can achieve together what would remain out of reach for us individually. We communicate openly and candidly with each other and extend our respect and team spirit to customers, partners, suppliers and the communities in which we live and work.

- **Customer Dedication:** We genuinely care about our customers and are dedicated to serving them well. We learn their markets, understand their specific goals and objectives, and develop solutions that deliver business value.
- **Performance:** We commit to high performance in all functions. We take personal ownership for the success of our Company and work together to continuously improve and achieve best-in-class performance.
- **Innovation:** Throughout our history, NCR's ability to harness the power of new ideas and put them to work for our customers in the real world has defined our Company and fuelled our leadership; innovation powers the engine that drives our success now and in the future.
- **Supplier and Customer Relations:** We require our vendors, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our ethical standard of business operation.

#### ANTI-BRIBERY / ANTI-CORRUPTION LAWS

The Corrupt Practices and other Related Offences Act 2000, Anti-bribery and anti-corruption laws around the world, including the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act, and other anti-bribery and anti-corruption laws (collectively, "Anti-corruption Laws"), make bribery a crime.

NCR expects all NCR directors, officers and employees, as well as its consultants, agents, channel partners and other third party representatives to observe and comply with all Anti-corruption Laws.

#### GIFTS & HOSPITALITY

Gift-giving practices vary around the world. Generally, gifts are given to foster goodwill and, in some parts of the world, declining a gift may insult the giver. On the other hand, accepting or giving a gift may create a conflict of interest or the appearance of a conflict, and may also violate applicable Anti-corruption Laws.

NCR (NIGERIA) PLC

REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

EVENTS AFTER THE REPORTING DATE

As stated in Note 34, there are no events or transactions that have occurred since the reporting date which would have a material effect on the financial statements as presented.

AUDITORS

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

BY ORDER OF THE BOARD



OLUFUNKE HUSSAIN  
COMPANY SECRETARY  
FRC/2013/NBA/00000002577

29 March 2019



## NCR (NIGERIA) PLC

### SUSTAINABILITY STATEMENT

#### FOR THE YEAR ENDED 31 DECEMBER 2018

NCR (Nigeria) Plc's sustainability strategy is fully aligned with NCR Corporation's global strategy. We take our responsibilities as a member of the business community very seriously. We're committed to conducting all aspects of business in an environmentally sound manner. We're vigilant when it comes to the safety and health of our employees. We also look out for the needs of our customers and the general public.

We strive to minimize the environmental footprint of our operations and products, while also delivering innovative technologies and solutions designed to help businesses and consumers reduce their own environmental footprint.

NCR has a rich history of providing high-quality, innovative solutions that meet our customers' needs in an ever-changing market-place. But a great company is more than the product it sells. We believe a great company is focused on long-term and sustainable growth, placing just as much emphasis on growing its product line as it does on growing its employees and the communities it serves.

As a member of the community, NCR acts responsibly toward our customers and the environment in which our products, operations and services are deployed.

NCR is committed to complying with legislative requirements that cover product recycling, recovery, treatment, management and disposal of electrical and electronic equipment.

NCR's end-of-life hardware management services ensure secure and environmentally responsible product decommissioning, recycling, treatment, and compliant disposal. Our decommissioning and recycling programs are compliant with international recycling legislation.

NCR is committed to complying with applicable health and safety regulations related to protecting employees and providing working conditions that are free from recognized hazards. NCR's workplace programs are designed to protect the safety and health of employees and to prevent and mitigate workplace incidents that could arise from abnormal operating conditions and potential emergency situations. As with other areas of the business, NCR strives for continuous improvement in the area of workplace health and safety.

NCR is a place where people want to come to work because they are continuously invigorated by new ideas and are engaged in improving how we do business. It is a place that recognizes its profound responsibility to the communities where it does business, striving to help those communities thrive by supporting local institutions and employing people who make volunteer work a priority. It is an organization that sees environmental stewardship not as the latest new trend, but as a critical issue in sustaining the future- ensuring our natural resources are protected and preserved.

This is who we are. This is NCR. And we expect business partners throughout our supply chain to embrace the same principles we, as an organization, share. Because being a responsible corporate citizen is born from both the actions we take as individuals and together as an organization.



NCR (NIGERIA) PLC

SUSTAINABILITY STATEMENT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

Though these are not new ideas at NCR, we want to renew our focus by capturing your imagination, creativity and good sense to help us promote these key areas:

(i) Employees

NCR strives to provide a positive and engaging work environment, tools and rewards that support success for our people. We are committed to diversity and inclusion, upholding recognized human rights and labor standards, providing safe and healthy working conditions, and providing employee development opportunities.

Goals:

The following goals have been established to improve our workplace environment:

- Develop and communicate NCR's diversity strategy to employees.
- Design and implement a global employee engagement survey.
- Increase use of NCR University Online.
- Develop and communicate policies on human rights to managers.

(ii) Community

NCR is committed to supporting the economic, cultural, social and educational well-being of communities where the company has a significant presence, by investing in innovative programs, approaches and solutions in the civic, arts, education, and health and human services areas and developing products and solutions that provide benefit to communities at large.

Goals:

The following goals have been established to continuously improve NCR's performance in the area of community support:

- Support community investment.
- Promote innovative application of self service solutions to social development initiatives.
- Promote employee volunteerism and community engagement.

(iii) Environment

NCR operates with a continuous commitment to ensure the on-going protection of the environment. We strive to minimize the environmental footprint of our operations and products, while also delivering innovative technologies and solutions designed to help businesses and consumers reduce their own environmental footprint.

Goals

The following goals have been established to continuously improve NCR's environmental performance and reduce our environmental footprint:

NCR (NIGERIA) PLC

SUSTAINABILITY STATEMENT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

- Reduce waste generated from NCR facilities, operations and products.
- Reduce direct and indirect greenhouse gas emissions related to NCR facilities and operations.
- Increase energy efficiency of NCR products and services.
- Increase end-of-life recycling of NCR products and service parts.

(iv) Supply Chain

NCR is committed to working with suppliers who comply with all applicable laws and regulations and embrace the highest standards of ethical behavior. We will work for positive environmental, social and ethical impacts in our supply chain, treating suppliers with fairness and respect, and valuing their diversity. We will work with suppliers in innovative ways that create added value for our customers.

Goals

We have established the following goals to continuously improve NCR's responsible supply chain management performance:

- Develop and communicate a Supplier Code of Conduct to all NCR first-tier suppliers.
- Implement a supplier screening program based on the NCR Supplier Code of Conduct requirements.

## NCR (NIGERIA) PLC

### CORPORATE GOVERNANCE REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2018

NCR (Nigeria) Plc is committed to high standards of corporate governance. The company has continued to embrace the best governance practices required to deliver sustainable value to our shareholders.

During the year ended 31 December 2018, NCR (Nigeria) Plc complied with Best Practices on Corporate Governance and the NCR Principles of Ethics and Compliance.

The primary purpose of the Board is to create and deliver sustainable long-term value to shareholders through its general supervision of the Company's business.

As part of this goal, NCR has always maintained different and separate roles for the Chairman and the Chief Executive Officer. Presently the Company has a six (6) member Board led by the Chairman who is a non-Executive Director. There are four non – executive Directors and two executive Directors on the Board.

All the Directors bring various and varied competencies to bear on all board deliberations. The Board meets regularly and is responsible for effective control and monitoring of the Company's strategy. The Chairman directs the Board, ensuring that it operates effectively, while fully discharging its legal and regulatory obligations.

The company's corporate governance framework is in conformity with the existing corporate governance codes and is in line with universally accepted best practices. Under this framework, the Board delegates responsibility for the day to day management of the Company to the Chief Executive Officer

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the Company. Management implements system controls, comprising policies, standards and procedures to ensure the safety of assets and the reduction of risk, error, fraud and other irregularities. Both the internal auditor and the external auditors independently appraise the adequacy of internal controls.

The Board places great emphasis on effective communication with its shareholders. It recognizes the importance of ensuring an appropriate balance in meeting the many needs of its shareholders and at the same time building enduring relationships with them.

The Directors direct and indirect shareholdings in the Company where it exists are disclosed elsewhere in this report as required by law.

Employee compliance with the NCR Code of Conduct training and certification which subscribes to high standards of fair competition is monitored globally.

#### 1. Composition of the Board of Directors

The Board is currently made up of Four (4) Non-Executive Directors and Two (2) Executive Directors. All the Directors have access to the advice and services of the Company Secretary and advice and services of other professionals in financials where such advice will improve the quality of their contribution to Board decision making process.



NCR (NIGERIA) PLC

CORPORATE GOVERNANCE REPORT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Induction and training

The Company has in place a formal induction program for newly appointed Directors. As part of this induction, each new Director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and be familiar with the senior management team. A summary of the Board Performance Evaluation in the 2018 financial year is that the Board is comprised of experienced individuals who are conversant with their oversight functions. The Chairman of the Board encourages and supports the active participation and contribution of Board members at meetings. The Board takes its oversight functions seriously, is committed to the business of the Company and detailed level of thoroughness goes into every decision taken by the Board. It was however noted that there is room for improvement in the area of meetings of Board Committees and succession planning for critical roles to ensure business continuity and performance. The recommendations of the performance evaluation have been considered by the Board and are being implemented as required.

3. Record of Directors' Attendance of Board Meetings

The Board held a total of five (5) meetings during the year. In accordance with Section 258 (2) of the Companies and Allied Matters Act, CAP C20; Laws of the Federation of Nigeria, 2004 the record of the Directors' attendance of Directors' meetings during 2018 is available for inspection at the Annual General Meeting.

Attendance of Board meetings are set out below:

Date of Meeting

DIRECTORS	23/1/18	27/3/18	4/6/18	26/7/17	15/12/18
Otunba Adekunle Ojora OFR, CON, FNIM, JP.	P	P	P	P	P
Mr. George Flouros	P	P	P	P	P
Mr. Michael Vallier	P	P	P	P	P
Mr Harold Nnaemeka Anumihe	P	P	P	P	P
Mr Matthew Akinlade, FCA	P	P	P	P	P
Ms. Christiana Nnawo Yisa	NYM	NYM	NYM	NYM	NYM
Mrs. Olufunke Hussain	P	P	P	P	P
Ms. Louise Georgiou	P	P	P	P	P



NCR (NIGERIA) PLC

CORPORATE GOVERNANCE REPORT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

3. Record of Directors' Attendance of Board Meetings - Continued

Attendance Keys:

P = PRESENT;

A = Absent with Apology;

CM = Ceased to be a member;

NYM = Not yet a member;

The meetings of the Board were presided over by the Chairman. In all cases, written notices of the meetings along with the agenda were circulated at least 14 days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

4. Business Conduct and Code Of Governance For Directors

The NCR Code of Conduct (the "Code") is our guide and point of reference for upholding NCR's Shared Values. NCR's corporate policies and procedures, as well as our individual commitment to ethical and legal behavior, also guide NCR employees and Directors. The Code applies to all employees of NCR and its affiliates (collectively "NCR") and to NCR's Board of Directors. The Code affirms our commitment to the highest standards of integrity in our relationships with one another and with our customers, suppliers, strategic partners, and shareholders. We expect our suppliers, contractors, representatives and agents to embrace these same values and standards.

5. Insider Trading

Securities laws and NCR policy prohibit employees, Directors, Members of the Audit Committee of the Company, External Advisers and their related persons from trading, directly or indirectly, in NCR securities while in possession of "material non-public information" about the Company. Material non-public information is generally defined as any information that has not been widely disclosed to the public and is likely to influence an investor to buy, sell, or hold a company's stock. Material non-public information can take many forms. Examples include acquisition or divestiture plans; actual or projected financial information not yet public; new contracts, products, or discoveries; major organizational changes; or other business plans.

NCR employees and officers as well as members of the Company's Board of Directors, Members of the Audit Committee and External Advisers of the Company and their related parties, are also prohibited from directly or indirectly trading in the securities of other publicly held companies, such as customers and vendors, on the basis of material non-public information. It is also illegal and against Company policy for NCR employees to share material non-public information about NCR or another Company with your friends, family members, or other third parties (this is called "tipping").

All employees and officers of NCR (Nigeria) Plc as well as members of the Company's Board of Directors, Members of the Audit Committee and External Advisers of the Company and their related persons with material non-public information about NCR and other companies, including customers and vendors are to comply with NCR's insider trading policy:

- Never provide material non-public information about NCR or other companies known to you through your work at NCR;
- Restrict access to material non-public information about NCR or other companies to those employees

NCR (NIGERIA) PLC

CORPORATE GOVERNANCE REPORT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

5. Insider Trading - Continued

- who "need-to-know" that information for business reasons (such persons may be identified in a non-disclosure agreement)
- Do not advise or encourage another person to trade in a company's stock if you have material non-public information about that company; and
- Never buy or sell NCR securities or another company's publicly traded stock while in possession of material information, whether or not a blackout period is pending.

6. Whistle Blowing

NCR Nigeria Plc ("the "Company") Whistle Blower Policy are established guidelines, wherein Directors, employees of the Company, contractors and the general public can report serious actual or suspected concerns or happenings considered unethical, inappropriate or illegal.

The Company is committed to the highest standards of integrity in employees' relationships with one another and with customers, suppliers, strategic partners and shareholders. All suppliers, contractors, representatives and agents are expected to embrace these same values and standards.

The Policy is designed to ensure that Directors, employees of the Company, contractors and the public can raise their concerns about wrongdoing or malpractice within the Company without fear of victimization, subsequent discrimination, disadvantage or dismissal.

Anyone who comes across a breach should immediately notify their Line Manager, Human Resources, Global Security, the Law Department or report through either through our confidential whistleblowing helpline or by email to [complianceoffice.ethics@ncr.com](mailto:complianceoffice.ethics@ncr.com). Our approach to breach management is embedded in the global NCR Ethics & Compliance Policy and local Disciplinary Processes. The company takes reports of potential violations of the Code, the law or other NCR policy or procedures seriously, including those made anonymously. All matters reported will be investigated and appropriate action will be taken.

A whistle blower must exercise sound judgment to avoid baseless allegations. A whistle blower who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination. There shall be no retaliatory action against a whistle blower for any report made in good faith. In so far as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense. The company will not tolerate retaliation against persons who make reports in good faith.

7. The Audit Committee

The Audit Committee is composed of six members made up of three shareholders' representatives elected at the 2017 Annual General Meeting for a tenure of one year until the conclusion of the 2018 Annual General Meeting and three representatives of the Board of Directors nominated by the Board. The Chairman of the Audit Committee is Alhaji Mustapha I. Jinadu.

During the year under review, the Committee held Four (4) meetings.



NCR (NIGERIA) PLC

CORPORATE GOVERNANCE REPORT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

7. The Audit Committee - Continued

The functions of the Audit Committee are governed by the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

8. Members of the Audit Committee

Mustapha I. Jinadu	- Chairman
Mrs. T. O. Assan	- Member
Mr. M.A. Adedoyin	- Member
Mr. Matthew Akinlade (FCA)	- Member
Mr. Michael Vallier	- Member
Ms. Louise Georgiou	- Member

Attendance of Audit Committee Meetings in 2018

Members	Date of Meeting			
	24/1/18	23/3/18	26/4/18	16/9/18
Mustapha I. Jinadu - Chairman	P	P	P	P
Mrs. T. O. Assan	P	P	P	P
Mr. M.A. Adedoyin	P	P	P	P
Mr. Matthew Akinlade (FCA)	P	P	P	P
Mr. Michael Vallier	P	P	P	P
Ms. Louise Georgiou	P	P	P	P

Attendance Keys: P = PRESENT; A = Apology;  
CM = Ceases to be a member

NCR (NIGERIA) PLC

CORPORATE GOVERNANCE REPORT - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

9. Committees of the Board

In conformity with the Code of Best practices in Corporate Governance, the Board has established the following committees to function in respect of issues too complex and/or numerous to be handled by the entire Board. All Board Committees make recommendations for approval by the full Board:

(i) Financial Risk and General Purposes Committee

The committee is established to provide independent and expert advice to assist the Board to discharge it's financial and risk management responsibilities.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within the Company, or the reporting lines and responsibilities of either internal audit or external audit functions.

The committee is also responsible for dealing with urgent business which needs to be dealt with at short notice.

The company maintains adequate insurance cover to protect the Company against liability and asset loss.

Members of the committee are as follows:

- Mr. Michael Vallier – Chairman
- Mr. Matthew Akinlade FCA
- Ms. Louise Georgiou
- Mr. Harold Nnaemeka Anumihe (Resigned 31 December 2018)

There was no formal meeting of the committee during the year ended 31 December 2018.

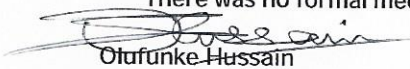
(ii) Appointment, Discipline and Remuneration Committee

The Committee is to set the over-arching principles, parameters and governance framework of the Company's remuneration policy and the remuneration of Senior Executives (being those whose appointment requires Board approval; employees who perform a significant influence function; employees whose activities have or could have a material impact on the Company's risk profile; and any other employee as determined by the Committee from time to time) and to review the structure, size and composition of the Board (including the skills, knowledge, independence, experience and diversity) and the appointment of members to the Board and make recommendations to the Board as appropriate.

Members of the Committee are as follows:

- Ms. Louise Georgiou - Chairman
- Mr. Michael Vallier
- Mr. M. Akinlade (FCA)

There was no formal meeting of the committee during the year ended 31 December 2018.

  
Otufunke Hussain  
Company Secretary  
FRC/2013/NBA/00000002577

29 March 2019



NCR (NIGERIA) PLC

COMPLAINTS MANAGEMENT POLICY

FOR THE YEAR ENDED 31 DECEMBER 2018

The Complaint Management Policy of NCR (Nigeria) Plc has been prepared pursuant to the requirements of the Securities & Exchange Commission's Rules relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued on 16 February 2017 and The Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies ("the NSE Directive") issued on 22 April 2017.

This policy has been prepared in recognition of the importance of effective engagement in promoting shareholder/ investor confidence in the Company. This Policy sets out the broad framework by which the Company and its Registrar provide assistance regarding shareholder issues and concerns. It also provides opportunity for shareholders to provide feedback to the Company on matters that affect shareholders.

This policy only relates to the shareholders of NCR (Nigeria) Plc and does not extend to its customers, suppliers or other stakeholders. This policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

This policy will be made available to shareholders of the Company at General Meetings.

GUIDING PRINCIPLES FOR MANAGING COMPLAINTS

The following principles shall guide the Company in managing the complaints of shareholders:

1. COMMITMENT

NCR (Nigeria) Plc is committed to the resolution of complaints and or disputes received from shareholders. The company shall proffer solutions that are fair and reasonable to all parties. The company shall objectively manage and deal fairly with all complaints lodged by shareholders without bias. The rights of any shareholder, who has lodged a complaint, shall be adequately protected. However, it shall be within the sole discretion of the Company to take a decision on the investigation of a complaint considered to be trivial, vexatious or abusive. The company shall take necessary steps to guard against the victimisation in respect of all complaints received.

2. CONFIDENTIALITY

All complaints shall be handled in strict confidence and personal information of complainants shall be adequately protected.

NCR (NIGERIA) PLC

COMPLAINTS MANAGEMENT POLICY - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

3. PROCEDURE FOR COMPLAINTS/ENQUIRIES

A Complaint Lodgement Form shall be provided to all shareholders to lodge their complaint. All complaints made through authorised third parties or complaints anonymous in nature, shall be duly recognised and addressed.

Shareholders can make complaints/enquiries and access relevant information in the following manner:

- (i) Contact the Registrar: Shareholders who wish to make a complaint/ enquiry shall in the first instance contact the Registrar, Apel Capital & Trust (Registrars) Limited at 18b, Nnobi Street, Masha, Surulere, Lagos. The Registrar manages all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others. Upon receipt of a complaint or an enquiry, the Registrar shall immediately provide the relevant details of such complaint or enquiry to NCR (Nigeria) Plc for monitoring, record keeping and reporting purposes.
- (ii) Contact the Company Secretary: If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints then shareholders should contact the office of the Company Secretary.

4. FEEDBACK

Where a complaint or an enquiry is sent directly to the Company, NCR shall upon receipt of the complaint or enquiry use its best endeavours to ensure that:

- a) Relevant details of the complaint or enquiry are immediately recorded.
- b) A response is provided by the Company or the Registrar within the specified time frame.
- c) Complaints or enquiries received by e-mail are acknowledged within two (2) working days of receipt.
- d) Complaints or enquiries received by post are responded to within five (5) working days of receipt.
- e) Complaints or enquiries are resolved within ten (10) working days of receipt.
- f) The Nigerian Stock Exchange is notified, within two (2) working days, of the resolution of a complaint or enquiry.

NCR (NIGERIA) PLC

COMPLAINTS MANAGEMENT POLICY - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

4. FEEDBACK - Continued

- g) Where a complaint/ enquiry cannot be resolved within the stipulated time frame set out above, the shareholder shall be notified that the matter is being investigated. Delays may be experienced in some situations, including where documents need to be retrieved from storage.
- h) The same or similar medium that was used for the initial enquiry shall be utilized in providing a response (whether by email, phone, post or fax), unless otherwise notified to or agreed with the shareholder.

5. ELECTRONIC COMPLAINTS REGISTER AND QUARTERLY REPORTING OBLIGATIONS

NCR (Nigeria) Plc shall maintain an electronic complaint register. The electronic complaints register shall include the following information:

- The date that the enquiry or complaint was received.
- Complainant's information (including name, address, telephone number, e-mail address).
- Nature and details of the enquiry or complaint.
- Action taken/ Status.
- Date of the resolution of the complaint.

Information on the details and status of complaints shall be provided to the Securities and Exchange Commission and The Nigerian Stock Exchange on a quarterly basis.

6. ACCESS TO POLICY

This policy can be accessed by Shareholders through the following avenues:

- This policy shall be available on the Company's website. [www.ncr.com.ng](http://www.ncr.com.ng)
- A copy of the policy may be requested by contacting the Office of the Company Secretary.
- This policy shall be made available at general meetings of the Company.

7. REVIEW OF POLICY

This policy and procedures concerning shareholder enquiries, complaints and feedback may from time to time be reviewed by the Company.



Olufunke Hussain  
Company Secretary  
FRC/2013/NBA/00000002577

29 March 2019



NCR (NIGERIA) PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. 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;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares 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 annual 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 issued by the International Accounting Standards Board, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the state of the financial affairs of the Company as at 31 December 2018 and of its profit for the year ended. 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. Obscene



Otunba Adekunle Ojora OFR, CON, FNIM, JPMr.  
Chairman  
FRC/2013/IODN/00000002581



Ms. Christiana Nnawo Yisa\*  
Country Manager/CEO, Executive Director

29 March 2019

(\*) Ms. Christiana Nnawo Yisa has been granted a waiver by Financial Reporting Council of Nigeria on March 29, 2019 for the purpose of signing the statutory Financial Report for the year ended 31<sup>st</sup> December 2018 without FRC number.

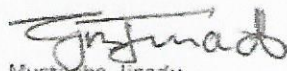
REPORT OF THE AUDIT COMMITTEE

TO MEMBERS OF NCR (NIGERIA) PLC

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, we the Members of the Audit Committee of NCR (Nigeria) Plc confirm that we have carried out our statutory functions under the Act and have examined the Auditor's Report for the year ended 31 December 2018 and hereby state as follows:

1. The scope and planning of the audit are adequate.
2. The accounting and reporting policies of the Company conform with the statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. We have reviewed the Auditor's findings on management matters and are satisfied with the management responses thereon,

Dated this 28 March, 2019  
Lagos, Nigeria



Mustapha Jinadu  
Chairman - Audit Committee  
FRC/2013/IODN/00000001515

Members of the Audit Committee

Mustapha I. Jinadu - Chairman  
Mrs. T. O. Assan - Member  
Mr. M.A. Adedoyin - Member  
Mr. Matthew Akinlade FCA - Member  
Mr. Michael Vallier - Member  
Ms. Louise Georgiou - Member

Secretary to the Committee  
Ms Nkechi Njoku



**Independent Auditors' Report  
TO THE MEMBERS OF NCR (NIGERIA) PLC  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of NCR (Nigeria) Plc which comprise the statement of financial position as at 31 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 notes to the financial statements, including a summary of significant accounting policies.

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

**Basis for Opinion**

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

**Key Audit Matters**

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

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



**Independent Auditors' Report  
TO THE MEMBERS OF NCR (NIGERIA) PLC  
Report on the Audit of the Financial Statements - Continued**

Key Audit Matter	How the matter was addressed in the audit
<p><b>Classification of Intercompany payable as non-current payable in line with IFRS 9.</b></p> <p>The company as at reporting date has an unsettled intercompany payable of ₦2.84 billion (\$10.07 million) classified as non-current liability based on agreement entered with its related party (NCR Global Solutions) to defer payment to a future date. The terms of the payable were substantially modified during the year.</p> <p>In line with the provisions of IFRS 9, the present value of the future amount payable was computed and a gain on extinguishment of ₦824 million was recognized in the statement of profit or loss account and other comprehensive income. See Note 13 to the financial statements.</p> <p>We consider this a key audit matter because the computation required some assumptions regarding the estimated future cash flow, discount rate and expected repayment period.</p> <p>The long term payable currently represents 31% of the total liabilities reported in the statement of financial position. See Note 25 in the financial statements.</p>	<p>Our audit procedures on non-current payable include:</p> <p>We reviewed the agreement between NCR Global and the Company to ensure that the appropriate amount has been reclassified from current to non-current liabilities.</p> <p>We reconfirmed if the liability was substantially modified by comparing the discounted NPV of the cash flows under the new terms discounted at the original EIR with the discounted cash flows of the remaining cash flows of the original liability. The difference in NPV was about 14%.</p> <p>Our internal specialist evaluated the applied discount rate used in the computation by benchmarking against independent data.</p> <p>The gain on extinguishment of the liability was recognised in profit or loss and disclosed separately.</p>

**Other Information**

The directors are responsible for the other information. The other information comprises the Directors' Report, Sustainability Statement, Complaints Management Policy, Statement of Director's responsibilities, report of the Audit Committee, and Other National Disclosures (Value Added Statement and 5 Year Financial Summary) as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and Corporate Governance Report as required by Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

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

Independent Auditors' Report  
TO THE MEMBERS OF NCR (NIGERIA) PLC  
Report on the Audit of the Financial Statements – Continued

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of the Directors for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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



## Independent Auditors' Report

TO THE MEMBERS OF NCR (NIGERIA) PLC

### Report on the Audit of the Financial Statements – Continued

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

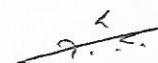
We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, in so far as it 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.

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

29 March 2019





NCR (NIGERIA) PLC

Statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 N'000	2017 N'000
Revenue from contracts with customers	6	6,621,647	6,907,926
Cost of sales	7	(5,767,871)	(4,171,596)
Gross profit		853,776	2,736,330
Distribution expenses	8	(110,463)	(363,728)
Administrative expenses	9	(105,380)	(125,480)
Other operating income	10	221,548	182,605
Other (loss)/gain	11	(438)	63
Finance cost	14	(1,497,719)	(1,264,413)
Foreign exchange loss	12	(115,100)	(2,044,726)
Fair value gain on financial derivative	21	-	1,672
Fair value gain on non-current intercompany payable	13a	-	1,497,719
Gain on extinguishment	13b	823,683	-
Profit before taxation		69,907	620,042
Income tax expense	15a	(44,000)	(469,374)
Profit for the year		25,907	150,668
Other comprehensive income Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain/(loss) on retirement benefit; net of tax	26b(ii)	9,798	(34,542)
Other comprehensive income/(loss) for the year, net of tax		9,798	(34,542)
Total comprehensive income for the year, net of tax		35,705	116,126
Earnings per share data:			
Basic/ diluted earnings per share (Naira)	16	0.24	1.40

See notes to the financial statements.

NCR (NIGERIA) PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 N'000	2017 N'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	17	589,761	628,270
Retirement benefit assets	28b(iii)	42,497	23,187
Deferred tax assets	15b(ii)	430,841	463,216
Total non-current assets		1,063,099	1,114,673
Current assets			
Inventories	18	1,583,496	1,404,813
Trade and other receivables	19	2,040,103	1,651,816
Prepayments	20	33,178	34,721
Financial derivative	21	-	82,376
Cash and short-term deposits	22	4,060,807	4,110,532
Other current assets	23	975,817	570,506
Current tax receivable	15b(i)	3,091	-
Total current assets		8,696,492	7,854,764
Total assets		9,759,591	8,969,437
<b>Equity and liabilities</b>			
Equity			
Issued share capital	24a	54,000	54,000
Retained earnings		430,863	426,806
Other reserve	24b	(27,286)	(37,083)
Total equity		457,577	443,723
Non-current liabilities			
Trade and other payables	25	2,842,590	5,788,599
Total non-current liabilities		2,842,590	5,788,599


NCR (NIGERIA) PLC


STATEMENT OF FINANCIAL POSITION - Continued

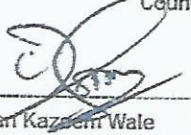
AS AT 31 DECEMBER 2018

	Note	2018 N'000	2017 N'000
Current liabilities			
Trade and other payables	25	4,862,635	2,423,567
Contract liabilities	26	1,480,225	172,437
Provisions	27	116,564	103,495
Current tax payable	15b(i)	-	37,616
Total current liabilities		6,459,424	2,737,115
Total liabilities		9,302,013	8,525,714
Total equity and liabilities		9,759,591	8,969,437
		=====	=====

Approved by the Directors on 27 March 2019 and signed on its behalf by:

  
 Otunba Adekunle Ojora OFR, CON, FNIM, JP  
 Chairman  
 FRC/2013/IODN/00000002581

  
 Ms. Christiana Nnawo Yisa\*  
 Country Manager/CEO/Executive Director

  
 Mr. Usman Kazem Wale  
 Financial Controller  
 FRC/2016/ICAN/00000014273

(\*) Ms. Christiana Nnawo Yisa has been granted a waiver by Financial Reporting Council of Nigeria on March 29, 2019 for the purpose of signing the statutory Financial Report for the year ended 31<sup>st</sup> December 2018 without FRC number.

See notes to the financial statements.



NCR (NIGERIA) PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Issued share capital N'000	Retained earnings N'000	Other reserve N'000	Total N'000
As at 1 January 2018	54,000	426,806	(37,084)	443,722
Effect of adoption of new accounting standards	-	(21,850)	-	(21,850)
As at 1 January 2018 (restated)	54,000	404,956	(37,084)	421,872
Profit for the year	-	25,907	-	25,907
Other comprehensive income for the year, net of tax	-	-	9,798	9,798
Total comprehensive income for the year, net of tax	-	25,907	9,798	35,705
At 31 December 2018	54,000	430,863	(27,286)	457,577
	=====	=====	=====	=====
	Issued share capital N'000	Retained earnings N'000	Other reserve N'000	Total N'000
As at 1 January 2017	54,000	276,138	(2,542)	327,596
Profit for the year	-	150,668	-	150,668
Other comprehensive loss for the year, net of tax	-	-	(34,542)	(34,542)
Total comprehensive income/ (loss) for the year, net of tax	-	150,668	(34,542)	116,126
At 31 December 2017	54,000	426,806	(37,084)	443,722
	=====	=====	=====	=====

NCR (NIGERIA) PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 N'000	2017 N'000
Operating activities			
Cash receipts from customers		7,778,565	6,499,216
Payment to suppliers and employees		(5,461,023)	(6,603,646)
VAT paid		(205,075)	(144,526)
Income tax paid	15b (i)	(40,707)	(40,117)
		-----	-----
Net cash flow from/ (used) in operating activities	29	2,071,760	(289,073)
		-----	-----
Investing activities			
Purchase of property, plant and equipment	17	(22,604)	(63,995)
Proceed from disposal of property, plant and equipment		-	157
		-----	-----
Net cash flow used in investing activities		(22,604)	(63,838)
		-----	-----
Financing activities			
Repayment of non-current intercompany payable	13	(2,823,303)	-
		-----	-----
Net cash flow used in financing activities		(2,823,303)	-
		-----	-----
Net decrease in cash and cash equivalents		(774,150)	(352,911)
Net foreign exchange difference		61,219	74,849
Cash and cash equivalents at 1 January		3,779,403	4,057,465
		-----	-----
Cash and cash equivalents at 31 December	22	3,066,472	3,779,403
		=====	=====

See notes to the financial statements.

## NCR (NIGERIA) PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Corporate information

NCR (Nigeria) Plc was incorporated as a Limited Liability Company and commenced business on 9 December 1949 under the name National Cash Register Company (West Africa) Limited, and changed its name to NCR (Nigeria) Limited in 1974. The company was granted a listing on the Nigerian Stock Exchange on 30 May 1979 and became known as NCR (Nigeria) Plc on 16 July 1996.

NCR (Nigeria) Plc is a Company domiciled in Nigeria. The company's principal activity includes provision of technology and services that help businesses connect, interact and transact with their customers. NCR (Nigeria) Plc is a technology company that provides innovative products which include:

- ATM (Automated Teller Machines)
- Retail Point of Sales terminals
- Self Service Kiosks
- Self-check-in/out systems
- Sale of computer consumables

#### 2. Basis of preparation

##### 2a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No 6, 2011.

The financial statements have been prepared on a historical cost basis except for financial derivative which has been measured at fair value. The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

The financial statements were authorised for issue by the Directors on 27 March 2019.

##### 2b. Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousands (N'000).

##### 2c. Composition of financial statements

The financial statements comprise:

- 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

##### 2d. Financial period

These financial statements cover the financial year from 1 January 2018 to 31 December 2018, with comparative figures for the financial year from 1 January 2017 to 31 December 2017.



3. Summary of significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements with the exception of IFRS 15 and IFRS 9 which the Company applied for the first time in the current year. The nature and effect of the changes as a result of adoption of these new accounting standards are described in the accompanying financial statements.

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

3a. Revenue from contracts with customers

The Company is in the business of providing technology and services that help businesses connect, interact and transact with their customers. It provides innovative products which include, ATM (Automated Teller Machines), Retail Point of Sales terminals, Self Service Kiosks, Self-check-in/out systems and sale of computer consumables. These contracts are divided into three revenue streams namely:

- Financial Service Group - Revenue is derived from sale of equipment and other hardware devices such as ATMs
- World Customer Services- Revenue is derived from provision of hardware and software installation and maintenance services.
- System Media Services - Revenue is derived from sales of media consumables.

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorised the different revenue stream detailed below.

Sale of equipment and other hardware devices

Revenue from sale of equipment and other hardware devices are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment/devices. The normal credit term is 30 to 90 days upon delivery.

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

3. Summary of significant accounting policies- continued

3a. Revenue from contracts with customers - continued

i. Significant financing component

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

ii. Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on provisions.

The Company provides a one-year warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of hardware.

Contracts for bundled sales of equipment and a service-type warranty comprise two performance obligations because the promises to transfer the equipment and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

iii. Installation and maintenance services

The Company provides installation and maintenance services that are either sold separately or bundled together with the sale of equipment to a customer. The installation/maintenance services can be obtained from other providers and do not significantly customise or modify the equipment. Contracts for bundled sales of equipment, installation and maintenance services are comprised of three performance obligations because the promises to transfer equipment and provide installation/maintenance services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Company recognises revenue from installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the sale of the equipment are recognised at a point in time, generally upon delivery of the equipment.



NCR (NIGERIA) PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

3. Summary of significant accounting policies- continued

3a. Revenue from contracts with customers - continued

Contract balances

Trade receivables

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

Contract Liabilities

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

3b. Cost of sales

Cost of sales includes purchase cost of merchandise and directly attributable overheads.

3c. 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 Country Head/ Chief Executive Officer.

The entity's operating segments are as follows:

- Financial Service Group
- World Customer Services
- Systemedia Services

The company's Country Head/ Chief Executive Officer monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Business unit performance is evaluated based on revenue and cost of sales. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	2018				2017			
	Revenue	Cost of sales	Gross profit	Gross profit	Revenue	Cost of sales	Gross profit	Gross profit
	N'000	N'000	N'000	margin	N'000	N'000	N'000	margin
Financial service Group	4,597,710	4,145,000	452,710	10%	4,592,881	2,016,299	2,576,582	56%
World customer services	2,023,937	1,622,871	401,066	20%	2,244,150	2,104,532	139,618	6%
Systemedia Services	-	-	-	-	70,895.00	50,765	20,130	28%
	6,621,647	5,767,871	853,776	30%	6,907,926	4,171,596	2,736,330	91%

There is no disclosure of the profit/ loss for the period, depreciation and amortisation, assets and liabilities for each operating segment because management based its performance assessment on the gross margin from each operating segment and assets and liabilities of the Company are not directly related to a segment.

3d. Provisions

General

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using a commercial rate where the effect is material. Discounts are unwound through profit or loss from the date the provision is made up to the date that the expenditure covered by the provision is incurred.

Warranty obligations

The company provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions relate to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

3e. Foreign currencies

The financial statements of NCR (Nigeria) Plc are presented in Naira, which is the Company's functional currency. In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Any resulting exchange differences arising as a result of retranslation of monetary items are disclosed separately in the statement of profit or loss and other comprehensive income.

Non-monetary items measured in terms of historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

3f. Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all taxable temporary differences except where the deferred tax liability arises on goodwill that is not tax deductible or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.



3. Summary of significant accounting policies – Continued

Deferred tax – Continued

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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

Withholding tax

The Nigerian Government requires an entity paying for services rendered by the Company to withhold or deduct tax from the payment, and pay that tax to the Government. This is considered an advance payment of Company income tax by the Company (who rendered the service) and is paid by the customer receiving the service on behalf of the Company. The company is entitled to receive a Tax Credit Note from the customer who received the service as evidence that the withholding tax has been paid. The company can then utilize these Credit Notes to reduce the amount of income tax payable. Without receipt of credit note from the customer, the Company is unable to benefit from the prepayment of tax in the form of the withholding tax. The company recognizes a Tax Credit Note receivable once the service has been rendered and the withholding tax has been deducted by the customer from payment due to the Company. The company assesses the recoverability of the Tax Credit Notes from the customers relating to the amounts deducted by its customers. The company makes appropriate allowances for estimated irrecoverable amounts when there is objective evidence that the Withholding Tax Credit Note may not be received. These impairment allowances are recognized in profit or loss under distribution expense.

3g. Earnings per share

Earnings per share are calculated by dividing profit or loss for the year by the weighted average number of ordinary shareholding. Diluted earnings per share are calculated by dividing profit or loss for the year by the fully-diluted number of ordinary shares outstanding during the year.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 3. Summary of significant accounting policies – Continued

## 3h. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation is not charged on these assets until the assets are available for their intended use.

Depreciation is charged to profit or loss using the straight-line method so as to write off the cost to their residual values over their estimated useful lives on the following bases:

Class of assets	Estimated useful lives (Years)
Furniture and fittings	5
Building	34
Improvement on building	5-10
Computer equipment	4
Plant, machinery and equipment	5

The Building was constructed on a land obtained through operating lease. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date. 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 amounts.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expenses on repairs and maintenance for instance day-to-day service cost and ongoing maintenance cost are recognized in profit or loss immediately. Major repairs and overhaul costs are capitalized if it will result in future economic benefits. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

## 3i. Inventories

Inventories are stated at the lower of cost and net realizable value using the First-In-First-Out (FIFO) method. Net realizable value represents the estimated selling price of inventories less estimated cost to make the sale.



3. Summary of significant accounting policies – Continued

3k. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are highly liquid and subject to an insignificant risk of changes in value. The company does not have bank overdrafts. The carrying amount of is approximately equal to their fair value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, and restricted cash as they are considered an integral part of the Company's cash management. The restrictions are in respect of Advance Performance Guarantees provided by some banks for some customers pending the performance of the contractual obligations by the Company and excess amount with Central Bank of Nigeria being the unutilized LC's amount made for the purpose of bidding for foreign exchange to finance LCs for the Company which were yet to be refunded as at reporting date. The cash is restricted for a period of 12 months after year end.

3i. Financial Instruments-initial recognition and subsequent measurement  
From 1 January 2018

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

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.



3. Summary of significant accounting policies – Continued

3i. Financial instruments – continued

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into:

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Company's financial assets at amortised cost includes trade receivables, rent receivables, cash and cash equivalents and related parties receivables.

Derecognition

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

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset when the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

**Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables, rent receivables and other financial assets Note 19

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

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

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

For receivables from related parties (non-trade), rent receivables and short-term deposits, the Company applies general approach in calculating ECLs. It is the Company's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.



NOTES TO THE FINANCIAL STATEMENTS - Continued

3. Summary of significant accounting policies – Continued

3i. Financial instruments – continued

i. Financial Liabilities

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, or, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method with the exception of non-current payables measured at fair value. Other payables that are within the scope of IFRS 9 are subsequently measured at amortized cost.

Derecognition

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

As at 31 December 2017

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

➤ Financial assets

The company's financial assets are classified at initial recognition; as loans and receivables or as derivative. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.



3. Summary of significant accounting policies – Continued

3i. Financial instruments – continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category generally applies to trade and other receivables and cash and short term deposit in the statement of financial position. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Cash and short term deposits

Cash and short term deposit in the statement of financial position comprise cash on hand, cash at banks and highly liquid short-term investments with an original maturity of 3 months or less that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts and restricted cash.

Trade and other receivables

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

Other receivables may be financial assets or non-financial assets (See Note 29e for recognition and measurement of financial assets).

Derivative financial asset

Derivative financial instruments are measured in the statement of financial position at fair value. The changes in the fair value of derivatives are recognized in the profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss (FVTPL).

3. Summary of significant accounting policies – Continued

3i. Financial instruments – continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the Company's average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



3. Summary of significant accounting policies – Continued

3i. Financial instruments – continued

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received/ receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

➤ Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

➤ Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

➤ Financial liabilities

The company's financial liabilities are initially recognised at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables. Subsequently, they are measured at amortised cost using the effective interest method.

Trade and other payables

Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortized cost.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Summary of significant accounting policies – Continued

3i. Financial instruments – continued

iii Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3j. Employee benefits

Retirement benefits

Defined contribution plan

Employees are members of defined contribution plans. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The company makes provision for retirement benefits in accordance with the Pension Reform Act 2014. The contribution by the employer and employee is 10% and 8% respectively of the employees' basic salary, housing and transport allowances.

Defined benefit scheme

For defined benefit retirement benefit plans, the cost of providing benefits is determined by independent actuaries using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement gains or losses arising from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments are immediately recognised in other comprehensive income.

The defined benefit asset or liability recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and in the case of quoted securities, it is the published bid price.

3k. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

3l. Equity Reserves

Other Reserves represent re-measurement gain or loss on defined benefit plan.



3. Summary of significant accounting policies – Continued

3m. Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Cash and short-term deposits unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period is presented as current asset. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3n. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. Summary of significant accounting policies – Continued

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

4 Significant accounting judgements, estimates and assumptions

Revenue from Contracts with Customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers

Identifying performance obligations in a bundled sale of equipment, installation and maintenance services

The Company provides installation and maintenance services that are either sold separately or bundled together with the sale of equipment to a customer. The installation and maintenance services are a promise to transfer services in the future and are part of the negotiated exchange between the Company and the customer.

The Company determined that the equipment, maintenance and installation services are capable of being distinct. The fact that the Company regularly sells both equipment, maintenance and installation on a stand-alone basis indicates that the customer can benefit from each of products on their own. The Company also determined that the promises to transfer the equipment and to provide installation and maintenance are distinct within the context of the contract. The equipment, maintenance and installation are not inputs to a combined item in the contract. The Company is not providing a significant integration service because the presence of the equipment, maintenance and installation together in this contract do not result in any additional or combined functionality and neither the equipment, maintenance nor the installation modify or customise the other.



4. Significant accounting judgements, estimates and assumptions- Continued

Revenue from Contracts with Customers – Continued

In addition, the equipment, maintenance and installation are not highly interdependent or highly interrelated, because the Company would be able to transfer the equipment even if the customer declined installation or maintenance and would be able to provide installation/maintenance in relation to products sold by other distributors. Consequently, the Company allocated a portion of the transaction price to the equipment, maintenance service and the installation services based on relative stand-alone selling prices.

Determining the timing of satisfaction of installation/maintenance services

The Company concluded that revenue for installation/maintenance services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company. The fact that another entity would not need to re-perform the service that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The Company determined that the input method is the best method in measuring progress of the installation/maintenance services because there is a direct relationship between the Company's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Company recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Determining the timing of satisfaction of sales of equipment and other hardware devices

The Company concluded that revenue for sales of hardware is to be recognised as a point in time; when the customer obtains control of the equipment. The Company assess when control is transferred using the indicators below:

- The Company has a present right to payment for the product;
- The customer has legal title to the product;
- The Company has transferred physical possession of the asset and delivery note received;
- The customer has the significant risks and rewards of ownership of the product; and
- The customer has accepted the asset

Classification of Intercompany payable as non-current payable

In determining whether intercompany payable can be classified as non-current payable, the Company made some assumptions and judgements regarding the estimated future cash flow, discount rate and expected repayment period. Based on the modification of repayment period from one year to three years, the intercompany payable due for repayment after 12 months was reclassified to non-current.

4. Significant accounting judgements, estimates and assumptions- Continued

Estimates and assumptions

Financial Instruments

Provision for expected credit losses of trade receivables

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

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

Estimates and assumptions – Continued

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in [Note 19](#) and [28c2](#).

Impairment losses on other financial assets

The measurement of impairment losses under IFRS 9 requires estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, Gross Domestic Products and inflation rate, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future gratuity increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.