

Statement of Accounting Policies

a. Basis of accounting

The financial statements are prepared under the historical cost convention as modified for the revaluation of fixed assets. No adjustments have been made to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

b. Turnover

Turnover represents the net invoice value of goods and services sold to third parties during the year.

c. Fixed assets

Fixed assets are stated at cost/valuation less accumulated depreciation.

d. Depreciation

Depreciation is provided to write off the cost of fixed assets over the estimated useful lives of the assets concerned at the following annual rates:

	%
Leasehold land and buildings	5
Plant and machinery	10
Equipment, fixtures and fittings	10
Motor vehicles	20

e. Stocks

Goods bought for resale, finished goods, raw material and work in progress are valued at the lower of cost and net realisable value. Costs comprise the direct cost of production and the attributable portion of all overheads appropriate to location and condition. Goods in transit are valued at invoice price.

f. Investments

Long term investments are stated at cost. Provisions for losses are made where there is a permanent diminution in the cost of investments.

g. Debtors

Debtors are stated after deduction of specific provision for bad debts considered doubtful of recovery. All trade and staff debtors considered doubtful in the light of

management experiences and prudent accounting practices are provisioned in accordance with the age of the debts such that provisions would not be less than 100% of any balance outstanding for more than 360 days.

h. Deferred taxation

Deferred taxation on the timing differences between the treatment of certain items for accounting purposes and their treatment for taxation is provided using the liability method at the current rate of taxation in accordance with SAS19.

i. Foreign currencies

Foreign currency transactions are recorded in Naira at the rates of exchange ruling at the date of each transaction. Assets and liabilities denominated in foreign currencies are converted at the rates of exchange prevailing at the balance sheet date.

Gain or loss arising therefrom is dealt with in the profit and loss account.

j. Finance leases

Assets under finance lease are included in the balance sheet at the fair value of the assets and the present value of the minimum lease payments.

Depreciation is calculated on the same basis as other categories of fixed assets.

k. Research and development

Research and development costs are amortised over a period of five years.

l. Retirement benefits

The company operates a contributory staff pension scheme for its staff. Employees contribute 7.5% of their relevant emoluments, while the Company contributes 7.5% of the same toward the scheme.

The Company also makes provision for staff gratuity based on the length of service of each staff in accordance with the existing staff conditions of service. Benefit under the plan is generally related to an employee's length of service and remuneration.