CWGPLC

2016 NINE MONTHS FINANCIAL RESULTS

CWG Plc

Income Statement for the period ended 30th September 2016

	Sep-16 NGN'000	Sep-15 NGN'000
Revenue	7,469,007	12,322,611
Cost of Sales	(5,643,059)	(10,327,234)
Gross Profit	1,825,948	1,995,377
Other Income	2,755	66,635
Total Income	1,828,703	2,062,011
Operating Expenses	(1,562,004)	(2,234,667)
EBITDA	266,700	(172,655)
Depreciation and Amortisation	(142,669)	(220,454)
EBIT	124,030	(393,109)
Interest & Finance Charges	(120,059)	(123,224)
Profit / (Loss) before Tax	3,971	(516,333)
Taxation		
Profit / (Loss) after Tax	3,971	(516,333)

CWG Plc
Statement of Financial Position as at 30 September 2016

ASSETS	Notes	Sep-16 NGN'000	Dec-15 NGN'000
Non-Current Asset			
Goodwill		814,088	814,088
Property, Plant & Equipment		380,675	479,180
Intangible Asset	3	120,732	135,388
Available for Sale Financial Assets		69,791	69,791
		1,385,286	1,498,447
Current Asset			
Inventories	4	2,048,924	1,449,320
Trade and Other Receivables	5	10,833,481	6,169,911
Prepayments		61,924	586,688
Cash and Cash Equivalents	6	926,676	821,589
		13,871,005	9,027,508
Total Asset		15,256,291	10,525,955
Equity			
Share Capital	7	1,262,413	1,262,413
Share Premium		1,852,748	1,852,748
Retained Earnings		(75,169)	(79,140)
Available for Sale Financial Assets Reserve		1,397	1,397
Foreign Currency Translation Reserve			25,423
		3,041,389	3,062,841
Current Liabilities			
Trade & Other Payables	8	9,489,253	6,501,000
Income Tax Payable		561,584	561,584
Deferred Revenue		1,782,303	149,415
Short Term Loans and Borrowing	9	381,762	251,115
Total Liabilities		12,214,901	7,463,114
Total Equity and Liabilities		15,256,291	10,525,955

Signed on behalf of the Board of Directors:

Kunle Ayodeji
Director
FRC/2016/ODN/00000014112

Obianuju Ejeh
Chief Financial Officer
FRC/2014/CAN/00000007858

CWG Plc

Statements of Cashflows for the nine months ended 30th September 2016

	Sep-16 NGN'000	Dec-15 NGN'000
Cash flows from operating activities		
Profit before tax	3,971	(1,746,997)
Depreciation & amortisation	142,669	304,937
Finance Cost	120,059	273,595
Net foreign exchange differences	(14,394)	155,817
(Gain)/Loss on disposal of property,plant & equipment		(68)
Changes in assets and liabilities :		
Changes in inventories	(599,774)	1,673,470
Changes in trade and other receivables	(4,663,685)	545,701
Changes in prepayments	524,764	(269,741)
Changes in trade and other payables	2,970,481	717,364
Changes in deferred income	1,712,107	(1,150,158)
Net Cash (used in) from operating activities	196,199	503,920
Cash flow from investing activities		
Purchase of property,plant & equipment	(113,503)	(178,295)
Acquisition of Intangible asset	(36,647)	(112,093)
Purchase of financial asset		(6,900)
Proceeds from sale of equipment		3,367
Net cash (used in) from investing activities	(150,150)	(293,921)
Cash flows from financing activities		
Loan granted/(repayement)	130,647	(794,424)
Lease obligation	48,451	(12,504)
Interest payment	(120,059)	(273,595)
Dividend paid		(50,496)
Net cash (used in) from financing activities	59,039	(1,131,019)
Increase/ (decrease) in cash	105,087	(921,020)
Cash & Cash equivalents at beginning of Period	821,589	1,769,269
Net foreign exchange difference		(26,660)
Cash & Cash equivalents at end of Period	926,676	821,589

CWG Plc
Notes to the Financial Statements
For the Nine Months ended 30 September 2016

1. Corporate information

The consolidated financial statements of CWG Plc and its subsidiaries (collectively, the Group) for the period ended 30 June 2016 were authorised for issue in accordance with the approval of the board of directors. CWG Plc (the Company) is a limited liability company incorporated and domiciled in Nigeria. The registered office is located at Block 54A, Plot10, Adebayo Adebayo Doherty Road, off Admiralty Road, Lekki Phase 1, Lagos State in Nigeria.

The Group is principally engaged in the supply, installation, integration, maintenance and support of computer equipment, e-payment hardware and ancillary equipment.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2016. Subsidiaries are entities controlled by the Group.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its financial statements:

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value on the date of acquisition. All the Group’s subsidiaries are wholly owned and therefore the issue of Non-controlling interest does not arise.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the income statement immediately.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s Cash Generating Units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.3.2 Foreign currencies

The Group's consolidated financial statements are presented in Naira, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception (where applicable) of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.3.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The specific recognition criteria described below must also be met before revenue is recognised. The group also separate out the revenue from the sales of goods for hardware and software and accounted for the service contract separately.

Sale of goods

Revenue from the IT infrastructure services such as hardware devices and accessories is recognised when the significant risks and rewards of ownership of the items have passed to the buyer, usually on delivery of the items.

Rendering of services

Revenue from the provision of communication services (maintenance, support services, communication and integration, software licenses etc) is recognised by reference to the stage of completion. Stage of completion is measured by reference to data and service usage. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Deferred Revenue

Deferred revenue is a liability as of the balance sheet date related to revenue producing activity for which revenue has not yet been recognized. The deferred revenue represents revenue received in advance in respect of long term service contract. Deferred revenue is subsequently recognised in the period that the service is delivered.

2.3.4 Taxes

Current income tax

Current income tax and education tax for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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.

In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 .In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred current tax assets and tax liabilities are offset if, and only if, a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.3.5 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the components of each item of property plant and equipment as follows:

PPE Class	%	PPE Class	%
Buildings	2	Plant & machinery	25
Fixtures and fittings	25	Software	33.33
Office equipment	33.33	Service option equipment	33.33
Motor vehicles	25	Land	Not depreciated
Building Improvement	25		

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of each item of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

Assets leased to others under finance leases are recognised as receivables at an amount equal to the net investment in the leased assets. The finance income is recognised based on the periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease.

As 30 June 2016 the company operates some of her motor vehicles under finance lease.

2.3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

As at 31 March 2016, the group did not have any indefinite intangible assets.

Licenses

Licences represent the cost of an operating licence obtained from the Nigerian Communication Commission (NCC) for a period of 10 years. Upon expiration of the license terms, the group may renew the licence with NCC. Licence fees are amortised over a period of 10 years.

2.3.8 Financial instruments

The Group recognises financial assets and financial liabilities on the Group's statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are recognised initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

Financial assets

(i) Nature and measurement

The Group's financial assets include Available for sale financial assets, Loans and receivables, Trade and other receivables, and Cash and short-term deposits. After initial measurement, the subsequent measurement of financial assets depends on their classification as follows:

Financial Assets -Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance/interest income in the statement of comprehensive income. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables

Trade receivables are recognised initially at fair value as the invoice amount and subsequently measured at amortised cost. A provision for June trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The Group deploys age analysis tools to track the payment pattern of customers. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as bad debts in administrative expenses in profit or loss. Subsequent recoveries of amounts previously written off are included as 'Bad debt recoveries' in other income in the statement of comprehensive income.

2.3.8 Financial instruments (cont)

Available-for-sale financial assets

Available-for-sale financial assets include equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to profit and loss.

ii. Derecognition of Financial assets

The Group derecognizes a financial asset only and only if the Group's contractual rights to the cash flows from the asset expires or the Group 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 Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset, 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 asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group 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 Group 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 Group could be required to repay.

iii Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is recognised as 'Bad debt recoveries' in the statement of comprehensive income.

Available for sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an assets or a group of financial assets is impaired. In the case of equity instruments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial liabilities

(i) Nature and measurement

The company's financial liabilities include trade payables and interest bearing loans and borrowings and convertible loan stock. All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification as follows:

Financial Liabilities-Subsequent measurement

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Financial Liabilities-Subsequent measurement

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest.

Convertible loan stocks

At inception, convertible loan stocks are separated into liability and equity components based on the terms of the contract. For the purpose of the separation, the fair value of the liability component is determined on the date of issuance using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds (thus after deducting the fair value of the liability) is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible loan stock based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

(ii) Derecognition of financial liabilities

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 income statement.

2.3.8.1 Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

2.3.8.2 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- the market approach;
- the cost approach and;
- the income approach.

2.3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Purchase cost on a first in, first out basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.3.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually at 30 June and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.10 Cash and cash equivalents

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 from the date of acquisition. For the purpose of the of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.11 Dividend Distributions

The Group pay dividend to the owners of equity when the distribution is authorised and is no longer at the discretion of the Group.

2.3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

2.3.13 Employee Benefits

Employee benefits are all forms of benefits given in exchange for services rendered by employees. These are classified as:

(a) Short-term employee benefits - benefits due to be settled within 12 months after the end of the period in which the employees rendered the related services;

(b) Post-employment benefits are benefits payable after the completion of employment. Such plans (or funds) may be either defined contribution funds or defined benefit funds.

(c) Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term benefits

The cost of all short-term employee benefits, such as salaries, profit sharing arrangements, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made. During the year the Group companies contributed to employee benefits in the following categories: - remuneration in the form of salaries, wages and bonuses.

Post-employment Retirement Benefit Funds

In line with statutory pension/retirements laws, the Group and its employees contribute to statutory retirement benefits plans for the benefits of its qualifying staff. The Funds which are defined contribution plans are independently administered with no obligations on the Group other than the defined contribution as a percentage of employees' qualifying remunerations. Both employees' and the group's share of the contributions are charged as staff cost in the administrative expenses in the profit and loss when the employee renders the service.

Other long-term benefits Other long-term benefits are recognised when an obligation arises. The Group had no other long-term benefit commitments during the year.

Termination benefits

The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either:

(a) terminate the employment of an employee or group of employees before the normal retirement date; or

(b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Termination benefits are recognised as expense in the period they arise. The Group had no termination benefit commitments during the year.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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 the asset or liability affected in future periods.

Judgements

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

Going concern

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

Re-assessment of useful lives and residual values

The Group carries its fixed assets at cost in the statement of financial position. The annual review of the useful lives and residual value of PPE result in the use of significant management judgements.

Impairment of non-current assets

The Group subjects a number of its assets to impairment reviews annually. Key inputs into these calculations include estimates of cash flow amount and timing, cash generating unit, discounting factors, which involve the use of significant amount of management judgement.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

CWG Plc
Notes to the Financial Statements
For the Nine Months ended 30 September 2016

3 Intangible Asset	**Softwares**	**Licence**	**Total**
	NGN'000	**NGN'000**	**NGN'000**
Cost			
At 1 January 2016	265,884	25,000	290,884
Additions	33,897	2,750	36,647
Disposals	-	-	
At 30 September 2016	299,781	27,750	327,531
Amortisation			
At 1 January 2016	137,996	17,500	155,496
Additions	49,382	1,921	51,303
Disposals			
At 30 September 2016	187,378	19,421	206,799
Net book Value			
At 30 September 2016	112,403	8,329	120,732
At 31 December 2015	127,888	7,500	135,388

Licence represents the cost of operating licence obtained from Nigeria Communications Commission (NCC) in 2009. This will be amortised for a period of 10 years and its amortisation is charged as cost of sales

4 Inventories	**Sep-16**	**Dec-15**
	NGN'000	**NGN'000**
Stocks	1,364,481	431,752
Work-in-Progress	684,443	1,017,398
	2,048,924	**1,449,150**

5 Trade and Other Receivables	**Sep-16**	**Dec-15**
	NGN'000	**NGN'000**
Trade Debtors	3,150,562	2,152,919
Witholding Tax Recoverables	3,815,124	3,851,274
Other Debtors	3,867,795	165,603
	10,833,481	**6,169,796**

6 Cash and Cash equivalent	**Sep-16**	**Dec-15**
	NGN'000	**NGN'000**
Bank and Cash	926,676	821,589
	926,676	**821,589**

7 Short-term Interest Bearing Loans and Borrowings

	Sep-16	Dec-15
	NGN'000	NGN'000
Interest Bearing Loans and Borrowings	46,929	72,997
Bank Overdaraft	334,832	178,118
	381,762	**251,115**

8 Share Capital

	Sep-16	Dec-15
	NGN'000	NGN'000
Issued and Fully Paid	1,262,413	1,262,413
2,524,826,359 Ordinary shares of 50k each		

9 Trade and Other Payables

	Sep-16	Dec-15
	NGN'000	NGN'000
Trade Creditors	3,306,193	2,085,638
Accrued Expenses	1,284,796	625,260
VAT Payable	4,384,061	3,385,594
Witholding Tax	465,715	340,357
Other Creditors	48,488	81,923
	9,489,253	**6,518,772**