

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2019

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2019**

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COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

CORPORATE INFORMATION

1. BOARD OF DIRECTORS

Mr Roshan Mammen
Mr Srikanthan Srinivasan

2. REGISTERED OFFICE

KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos

3. SECRETARIES

V.I. Services Limited
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos

4. AUDITORS

Messrs Onwusa, Ishicheli & Co.
(Chartered Accountants)
8 Deborah Ayanpate Close
Beckley Estate
Abule-Egba, Lagos

5. BANKERS

Sterling Bank Limited
62 Adetokunbo Ademola
Victoria Island
Lagos

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

The Directors submit their Report together with the Audited Financial Statements for the year ended 31st December, 2019.

1. OPERATING RESULT

	₦
Loss for the Period	(10,035,923)
Taxation	<u>-</u>
Loss After Taxation	<u>(10,035,923)</u>

2. LEGAL FORM

The Company was incorporated in Nigeria as a Private Company Limited by Shares on the 4th day May, 2017.

3. PRINCIPAL ACTIVITY

The Company shall distribute and market all types of fertilizers and agro chemical products in Nigeria.

4. COMMENCEMENT OF BUSINESS

The Company commenced business on the 2nd day of December 2019.

5. DIRECTORS

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

Mr Roshan Mammen

Mr Srikanthan Srinivasan

6. SHAREHOLDING STRUCTURE

The Company's shares were held by the following shareholders during the year under review:

	Number	Naira (₦)
Coromandel International Limited	9,999,000	9,999,000
Others	<u>1,000</u>	<u>1,000</u>
	<u>10,000,000</u>	<u>10,000,000</u>
Issued and Paid-Up Capital	<u>9,999,000</u>	<u>9,999,000</u>

7. EMPLOYMENT AND EMPLOYEES

a. Employees' Involvement and Training

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

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

b. Employment of Disabled Persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those who are physically challenged.

8. AUDITORS

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

Dated this 10th day of February, 2020.

By Order of the Board

V.I. Services Limited

Company Secretaries

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31ST DECEMBER 2019

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 affairs of the Company at the end of the period. The responsibilities include ensuring that the Company:

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

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

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company for the year ended 31st December, 2019. 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.

Roshan Mammen
Director

Srikanthan Srinivasan
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
COROMANDEL INTERNATIONAL (NIGERIA) LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Coromandel International (Nigeria) Limited** which comprise the statement of financial position as at 31st December, 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
COROMANDEL INTERNATIONAL (NIGERIA) LIMITED**

OPINION

In our opinion, the financial statements of Coromandel International (Nigeria) Limited on pages 7 to 22

- (1) Comply with generally accepted accounting practice in Nigeria; and
- (2) Comply with Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004; and
- (3) Comply with International Financial Reporting Standards and Financial Reporting Council Act, No. 6, 2011; and
- (4) Give a true and fair view of the financial position of the Company as at 31st December, 2019 and their financial performance and cash flows for the year ended on that date.

REPORT ON THE ENABLING ACT AND REGULATORY REQUIREMENTS

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

GODWIN ONWUSA, FCA
FRC/2015/ICAN/00000012788
ONWUSA, ISHICHELI & CO.
(Chartered Accountants)
LAGOS – NIGERIA

February 10, 2020.



COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2019

	Notes	31-12-2019 ₦	31-12-2018 ₦
Non-Current Assets			
Property, Plant and Equipment	6	1,800,000	-
Capital Work-In-Progress (CWIP)		31,725,214	31,456,589
Total Non-Current Assets		<u>33,525,214</u>	<u>31,456,589</u>
Current Assets			
Trade and Other Receivables	7	-	-
Inventory	8	-	-
Prepayments	9	5,070,000	-
Cash and Bank Balances	10	3,530,566	11,110,000
Total Current Assets		<u>8,600,566</u>	<u>11,110,000</u>
Total Assets		<u><u>42,125,780</u></u>	<u><u>42,566,589</u></u>
Current Liabilities			
Trade Payables		-	-
Other Payables	11	39,205,423	31,456,589
Other Liabilities - Accruals	12	3,802,791	1,956,511
Taxation	5.1	-	-
Total Current Liabilities		<u>43,008,214</u>	<u>33,413,100</u>
Non-Current Liabilities			
Deposit for Shares	13.2	1,111,050	1,111,050
Total Non-Current Liabilities		<u>1,111,050</u>	<u>1,111,050</u>
Total Liabilities		<u><u>44,119,264</u></u>	<u><u>34,524,150</u></u>
Equity			
Ordinary Share Capital	13.1	9,999,000	9,999,000
Retained Earnings		(11,992,484)	(1,956,561)
Total Equity attributable to owners of the company		<u>(1,993,484)</u>	<u>8,042,439</u>
Total Equity and Liabilities		<u><u>42,125,780</u></u>	<u><u>42,566,589</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on the 6th day of February, 2020. They were signed on its behalf by:

Roshan Mammen
Director

Srikanthan Srinivasan
Director

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2019

		31-12-2019	31-12-2018
	Notes	₦	₦
Revenue	3	-	-
Cost of Sales		<u>-</u>	<u>-</u>
Gross Profit		-	-
Admin/Operating Expenses	4	<u>10,035,923</u>	<u>1,956,561</u>
Operating Profit/(Loss)		<u>(10,035,923)</u>	<u>(1,956,561)</u>
Profit/(Loss) Before Taxation		(10,035,923)	(1,956,561)
Taxation		<u>-</u>	<u>-</u>
Profit/(Loss) After Taxation		<u><u>(10,035,923)</u></u>	<u><u>(1,956,561)</u></u>

The statement of significant accounting policies on pages 11 to 16 and the accompanying explanatory notes on pages 17 to 22 form an integral part of these financial statements.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER, 2019**

	Issued Share Capital N	Retained Loss N	Total Equity N
Equity attributable to owners of the Company			
Shareholders Share Capital contributions	9,999,000	-	9,999,000
Profit or (Loss) for the year	<u>-</u>	<u>(1,956,561)</u>	<u>(1,956,561)</u>
As at 31st December, 2018	9,999,000	(1,956,561)	8,042,439
Profit or (Loss) for the year	<u>-</u>	<u>(10,035,923)</u>	<u>(10,035,923)</u>
As at 31st December, 2019	<u>9,999,000</u>	<u>(11,992,484)</u>	<u>(1,993,484)</u>

The accompanying notes on pages 11 to 22 form an integral part of these financial statements

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2019

	31-12-2019	31-12-18
Notes	N	N
OPERATING ACTIVITIES		
Payments to Suppliers, Employees and others	(15,059,643)	(50)
	<u>(15,059,643)</u>	<u>(50)</u>
INVESTING ACTIVITIES		
Capital Work-In-Progress (CWIP)	(268,625)	(31,456,589)
Net Cashflows used in Investing Activities	<u>(268,625)</u>	<u>(31,456,589)</u>
FINANCING ACTIVITIES		
Share Capital	-	9,999,000
Deposit for Shares	-	1,111,050
Advances from Coromandel International Limited	7,748,834	31,456,589
Net Cashflow from financing activities	<u>7,748,834</u>	<u>42,566,639</u>
Net increase/(decrease) in cash and cash equivalents	(7,579,434)	11,111,000
Cash and cash equivalent at the beginning of the period	<u>11,110,000</u>	<u>-</u>
Cash and cash equivalent at the end of the period	<u>3,530,566</u>	<u>11,111,000</u>

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

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

1. Description of business

Coromandel International (Nigeria) Limited was incorporated in Nigeria as a private limited liability company on the 4th of May, 2017.

The Company will soon commence operations as a distributor and marketer of all types of fertilizers and agro chemical products in Nigeria.

1.1 Composition of financial statements

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

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

1.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

1.3 Financial Period

These financial statements cover 1st January 2019 to 31st December 2019.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

2. Significant Accounting Policies

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 Basis of Preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

2.3 Foreign Currency Translation

The financial statements of Coromandel International (Nigeria) Limited 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 (foreign currencies) 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 each 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 are included in administration expenses in the income statement, except for differences on available-for-sale non-monetary financial assets, which are included in the available-for-sale reserve in other comprehensive income. Non-monetary items of historic cost, that are denominated in foreign currency are translated at the date of the original transaction, and are not re-translated.

Exchange differences arising on the settlement of monetary items are included in the income statement for the year.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

2.4 Borrowing Cost

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

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

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

2.5 Employee Benefits

2.5.1 Defined Contribution Plans

Payments to defined contribution retirement benefit plans are recognized as an expense in the period in which employees have rendered services entitling them to the contributions.

2.5.2 Other Employee Benefits

Other short and long-term employee benefits are recognized as an expense over the period in which they accrue.

2.6 Property, Plant and Equipment

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

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

	Useful Life (years)
Equipment	5
Motor Vehicles	5
Furniture and Fittings	5

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and recognized in profit or loss.

2.7 Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss when the asset is derecognized.

2.8 Inventories

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

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

Inventory held as consignment stock is recognized as an asset in the balance sheet at cost, as the risks and rewards of ownership have been transferred to the Company. A corresponding liability is also recognized in the balance sheet.

2.9 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate independent cash flows from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

2.10 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. 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.

2.11 Financial Assets

2.11.1 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash and Bank balances

Cash and bank balances comprise cash on hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value less overdrafts from any qualifying institution repayable on demand.

Receivables

Receivables may be financial assets or non-financial assets. Financial assets are categorized as loans and receivables and are initially measured at fair value and subsequently measured at amortised cost. Non-financial assets are measured with regard to their respective applicable standard.

2.12 Financial liabilities and equity instruments

Classification as debt or equity

Debt or 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.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

2.12.1 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 recognized as the proceeds received net of direct issue costs.

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

2.12.2 Financial liabilities

Financial liabilities are initially measured at fair value.

Payables

Payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortised cost. Others are measured with respect to their applicable standards.

2.12.3 Other financial liabilities

Other financial liabilities (including borrowings and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points 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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.12.4 De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

	31-12-19	31-12-18
	N	N
3 Revenue		
Sales of Imported Products	-	-

No sale was recorded by the Company during the period under review.

4 Admin/Operating Expenses		
Rent	1,646,441	241,916
Consultancy Fees	6,059,088	993,145
Audit and Accountancy Charges	1,620,960	690,750
Postages	-	30,700
Salaries and Wages	700,800	-
Bank Charges	8,634	50
	<u>10,035,923</u>	<u>1,956,561</u>

5 Taxation	31-12-19	31-12-18
	N	N

5.1 Income Tax recognised in Profit or Loss

a) Current Tax

Current tax expense in respect of the current period

Income tax

Education tax

-	-
-	-
-	-

b) Deferred Tax

Charged

-	-
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5.2 Current tax liabilities

At Start

Charged for the period

Payments during the period

31-12-19	31-12-18
N	N
-	-
-	-
-	-

No tax liability was shown in the accounts as no taxable income was generated during the period under review.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

6 Property, Plant and Equipment and Capital Work-In-Progress (CWIP)

	CWIP	Furniture & Equipment	Total
COST	N	N	N
At Start	31,456,589	-	31,456,589
Additions	268,625	1,800,000	2,068,625
As at 31st December, 2019	<u>31,725,214</u>	<u>1,800,000</u>	<u>33,525,214</u>
DEPRECIATION			
At Start	-	-	-
Current Year	-	-	-
As at 31st December, 2019	<u>-</u>	<u>-</u>	<u>-</u>
CARRYING AMOUNT			
As at 31st December, 2019	<u>31,725,214</u>	<u>1,800,000</u>	<u>33,525,214</u>

NB: Furniture was acquired a few days to the end of the accounting date hence depreciation was not charged.

	31-12-19 N	31-12-18 N
7 Trade and Other Receivables		
Receivables	<u>-</u>	<u>-</u>
8 Inventory		
Raw Material	<u>-</u>	<u>-</u>

9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in bank, short term investments with an original maturity of three months or less, net of outstanding bank overdrafts.

	31-12-19 N	31-12-18 N
Cash and Bank Balances	<u>3,530,366</u>	<u>11,110,000</u>

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

	31-12-19	31-12-18
	N	N
10 Prepayments		
Rent Prepaid	4,000,000	-
Service Charges	1,070,000	-
	<u>5,070,000</u>	<u>-</u>

Rent period is 01/01/2020 to 31/12/2021

11 Other Payables		
Coromandel International Limited, India	<u>39,205,423</u>	<u>31,456,589</u>

The Company has effective financial and marketing policies in place.

The amount is expected to be paid within 12 months. The directors consider the carrying amount of the payable to be approximately equal to its fair value.

	N	N
12 Other Liabilities - Accruals		
Accrued Rent	483,525	241,916
Accrued Consultancy Fees	2,312,306	993,145
Accrued Postages	-	30,700
Accrued Audit and Accountancy Charges	1,006,960	690,750
	<u>3,802,791</u>	<u>1,956,511</u>

13.1 Share Capital		
Authorised		
10,000,000 Ordinary Shares of ₦1.00 each	<u>10,000,000</u>	<u>10,000,000</u>

13.2 Issued and Fully Paid		
9,999,000 Ordinary Shares of ₦1.00 each	<u>9,999,000</u>	<u>9,999,000</u>

13.3 Shareholders' Deposit	<u>1,111,050</u>	<u>1,111,050</u>
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The amount represents excess funds received from shareholders during allotment of shares. The amount has been held for more than one year hence it's classification as non-current liability.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

14 Financial Instruments

14.1 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of equity.

14.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

14.3 Categories of financial instruments	31-12-19 N	31-12-18 N
Financial assets		
Cash and Bank balances	3,530,566	11,110,000
Other Receivables	-	-
	<u>3,530,566</u>	<u>11,110,000</u>
Financial liabilities		
Other Payables (Coromandel International Limited)	39,205,423	31,456,589
Accruals	3,802,791	1,956,511
	<u>43,008,214</u>	<u>33,413,100</u>

The carrying amounts are approximately equal to their fair values.

COROMANDEL INTERNATIONAL (NIGERIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

14 Financial instruments (continued)

14.4 Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks that may arise will have on the Company's reported results. The Company's senior management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities. Sensitivity analyses provide the appropriate information to monitor the net underlying financial risks.

The Company does not trade in financial instruments, nor does it take on speculative or open positions through the use of derivatives.

14.5 Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company that are affected by market risk are principally the non-derivative financial instruments which include investment in shares, trade and other receivables, cash and bank balances, trade and other payables and borrowings. Market risk exposures are measured using sensitivity analysis when the need arises based on the financial instruments held. The Company had no market risk during the period under review as it could not commence full operations.

14.6 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Company's exposure to the risk of changes in foreign exchange rates is given adequate evaluation using pricing and cost control analysis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

14 Financial instruments (continued)

14.7 Credit risk management

Credit risk is the risk that counterparty will default on its contractual obligations leading to a financial loss. The Company is exposed to credit risk from its operating activities (receivables) and investing activities (deposits with banks).

Receivables

The Company has no trade receivables as it has not recorded sales in its operations. Credit policy will be in place as soon as trade receivables become apparent with the commencement of commercial operations and shall be periodically reviewed and approved by the Board and management. Other receivables are controlled in line with the Company's policy and duly monitored on monthly basis by management.

14.8 Liquidity risk management

Liquidity risk is the risk that the Company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the Company is unable to meet settlement obligations. Management policy to determine cash flow needs are constantly reviewed and controlled.

The Company had no liquidity obligation that it defaulted during the year ended 31st December, 2019.

14.9 Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements are approximate to their fair values.

14.10 Deposits with financial institutions

Credit risk from balances with banks and financial institutions is managed by the management. Surplus funds are spread amongst reputable commercial banks and are limited. Counterparty credit limits are reviewed by the management periodically and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's liquidation.

15 Financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of affairs have been taken into consideration in the preparation of these financial statements.