UPDC Plc

Financial Statements
31 December 2022

Performance Highlights

	The Group			The Company		
	2022 N'000	2021 N'000	% Change	2022 N'000	2021 N'000	% Change
Revenue	5,896,957	825,404	614	3,870,963	540,563	616
Operating profit/(loss)	707,844	(899,215)	179	708,959	(7,784,883)	109
Net finance cost	(377,246)	(718,053)	47	(386,002)	(718,778)	46
Profit/ (loss) before taxation	330,598	(1,617,268)	120	322,957	(8,503,661)	104
Taxation	(130,066)	(142,969)	9	(26,251)	(75,717)	65
Loss from discontinued operations	-	(116,286)	100	-	-	
Profit/(loss) for the year	200,532	(1,876,523)	111	296,706	(8,579,378)	103
Total comprehensive profit/(loss) for the year	7,082	(2,016,607)	100	103,256	(8,719,462)	101
Total Equity	8,396,636	8,094,182	4	642,451	930,615	(31)
Total equity and liabilities	19,428,404	19,594,765	(1)	10,852,736	10,965,013	(1)
Cash and Cash equivalents	3,161,475	1,878,320	68	2,532,109	1,329,891	90
Basic Profit/(Loss) Per Share (Kobo)	1	(10)	111	2	(46)	103
NSE quotation as at December 31 (kobo)	91	119		91	119	
Number of shares in issue ('000)	18,559,970	18,559,970		18,559,970	18,559,970	
Market capitalisation as at December 31 (N'000)	16,889,573	22,086,364		16,889,573	22,086,364	

Corporate Information

DIRECTORS

Mr. Wole Oshin [Chairman]
Mr. Odunayo Ojo [Chief Executive Officer]
Ms. Bidemi Fadayomi [Development Director]
Mr. Folasope Aiyesimoju
Mr. Oyekunle Osilaja
Mr. Adeniyi Falade

REGISTRATION NO

RC No. 321582

REGISTERED OFFICE

UAC House
1-5 Odunlami Street
Marina,
Lagos.

Phone: +234-9010003019
Email: info@updcplc.com
Website: www.updcplc.com

SUBSIDIARIES

UPDC Facility Management Limited
UPDC Hotel Limited
Deep Horizon Investment Limited
Manor Gardens Development Limited

AUDITORS

Deloitte & Touche
Civic Towers, Plot GA1,
Ozumba Mbadiwe Avenue, Victoria Island, Lagos State

REGISTRARS

Africa Prudential Plc
220B, PalmGrove,
Ikorodu Road,
Lagos.

BANKERS

First Bank of Nigeria Limited
United Bank for Africa Plc
Zenith Bank Plc
Guaranty Trust Bank Plc
First City Monument Bank Plc
Access Bank Plc
Fidelity Bank Plc
FSDH Merchant Bank Limited
Polaris bank Limited
Stanbic IBTC Bank Plc
Union Bank of Nigeria Plc
Coronation Merchant Bank Limited
FBN Quest Merchant Bank Limited

Directors' Report

The Directors have the pleasure of submitting their annual report, together with the audited financial Statements for the year ended 31st December 2022.

Principal Activities
Founded in 1997, UPDC PLC is a seasoned development company in Nigeria with an established record in developing, selling, and managing real estate assets across Nigeria.

Known for the quality of its products, UPDC is the first real estate company to have been listed on the Nigerian stock exchange, and offers the most diversified portfolio of residential, commercial, retail, and hospitality assets.

Our Vision
To become the leading lifestyle real estate company of choice in Nigeria by delivering world-class properties and services tailored to the needs of the Nigerian market.

Our Mission
To build and manage:
- Distinctive lifestyle developments
- To time, cost and quality
- Customers for life: from development stage to sales to asset and facility management
- Shareholder value

Operating Results

	Group		Company	
	2022	**2021**	**2022**	**2021**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	5,896,957	825,404	3,870,963	540,563
Gross profit/(loss)	1,607,724	140,278	840,448	(64,355)
Operating expenses	(1,351,746)	(908,523)	(677,104)	(813,195)
Operating Income/(loss)	707,844	(899,215)	708,959	(7,784,883)
Net finance cost	(377,246)	(718,053)	(386,002)	(718,778)
Profit/ (loss) before taxation	330,598	(1,617,268)	322,957	(8,503,661)
Taxation	(130,066)	(142,969)	(26,251)	(75,717)
Profit/(loss) from continuing operations	200,532	(1,760,237)	296,706	(8,579,378)
Loss from discontinued operations	-	(116,286)	-	-
Profit/(loss) for the year	200,532	(1,876,523)	296,706	(8,579,378)
Fair value loss on financial assets	(193,450)	(140,084)	(193,450)	(140,084)
Total comprehensive profit/(loss) for the year	**7,082**	**(2,016,607)**	**103,256**	**(8,719,462)**

Dividend
The Directors do not recommend the declaration of any dividend to the shareholders in view of the performance of the Company.

Directors' Interests in Shares
Directors' interests in the issued share capital of the Company as recorded in the Register of Members and/or as notified by the Directors in compliance with Sections 301 and 302 of the Companies and Allied Matters Act 2020 and the Listing Requirements of the Nigerian Stock Exchange were as follows:

	31 December 2022		**31 December 2021**	
	Direct	Indirect	Direct	Indirect
Mr Wole Oshin	-	9,466,708,960		9,466,708,960
Mr Odunayo Ojo	-	-	-	-
Ms Bidemi Fadayomi	-	-	-	-
Mr Folasope Aiyesimoju	-	7,953,143,897	-	7,953,143,897
Mr Oyekunle Osilaja	-	-	-	-
Mr Adeniyi Falade	-	-	-	-

Directors' Interests in Contracts
In line with Section 303 of the Companies & Allied Matters Act 2020, no director had interest in any contract with the Company during the year.

Shareholders with Substantial Interest of 5% and Above
The issued and fully paid-up share capital of the Company is N9,279,984,968 divided into 18,559,969,936 ordinary shares of 50 kobo each. The following table shows the shareholders with substantial interest above 5%:

S/N	**FULL NAME**	**ADDRESS**	**HOLDINGS**	**%**
1	Custodian Investment Plc	Custodian House, 16A, Commercial Avenue, Sabo, Yaba	9,466,708,960	51.00

2	UAC of Nigeria Plc	UAC House, 1 – 5, Odunlami Street, Marina, Lagos.	7,953,143,897	42.85

Share Capital History

YEAR	BONUS ISSUE	UNITS	VALUE (N)
1999	Starting Capital	1,000,000,000	500,000,000
2004	1 for 10 bonus issue	1,1000,000,000	550,000,000
2005 to 2009	None	1,1000,000,000	550,000,000
2010	1 for 4 bonus issue	1,375,000,000	687,500,000
2011 to 2012	None	1,375,000,000	687,500,000
2013	1 for 4 bonus issue	1,718,749,995	859,374,997.50
2014 to 2016	None	1,718,749,995	859,374,997.50
2017	1 for 1 Rights Issue	2,598,395,794	1,299,197,897
2018	None	2,598,395,794	1,299,197,897
2019	None	2,598,395,794	1,299,197,897
2020	43 for 7 Rights Issue	18,559,969,936	9,279,984,968
2021	None	18,559,969,936	9,279,984,968
2022	None	18,559,969,936	9,279,984,968

Analysis of Shareholding

	Shareholders Number	Shareholding Number	Shareholding %
Directors and Connected Persons	NIL	NIL	NIL
Custodian Investment Plc	1	9,466,708,960	51.01
UAC of Nig Plc	1	7,953,143,897	42.85
Individuals	27,342	462,297,176	2.49
Other Corporate bodies	1,090	677,819,903	3.65
Total	**28,434**	**18,559,969,936**	**100**

Our People

At UPDC we are committed to ensuring that our employees reflect our core values of integrity, responsibility, service, excellence, customer focus and shareholder value creation. Our corporate culture fosters open communication, collaboration, diversity, and forward thinking among all employees to encourage the exchange of views, ideas and knowledge which leads to innovation

Diversity and Inclusion Strategies

Here at UPDC Plc, there is no form of discriminations and as such, recruitment, training, and career development are strictly based on character, competence, and merit. To achieve hiring the best individuals, our recruitment processes are tailored to harness fair competition, while identifying the most suitable candidates in each required field, who will contribute immensely to the growth of our company.

Health, Safety and Employee Welfare

Health and safety is highly fundamental and to this end, UPDC has provided conducive and safe working environment at locations where the employees are located, including; the corporate head office, estates, and project sites. There is access to first aid amenities at these locations to be used in line with safety regulations.

Employees are duly covered under Health Insurance schemes. Each employee's HMO cover includes a spouse and up to four children. Through this arrangement, employees and their families can access healthcare from a range of well-equipped healthcare providers.

HIV/AIDS

UPDC promotes occupational health by providing HIV/AIDS awareness training. We do not discriminate against any employee based on his/her HIV status. The HIV status and medical records of individuals are kept strictly confidential.

Employee Recognition and Incentive Scheme

Management openly acknowledges and recognizes employees who have performed exceptionally well in the course of each year. Gift vouchers are also often awarded for individual performances. There are also incentive initiatives that are tailored to foster engagement and encourage team performance. All these are aimed at boosting employee morale which in turn impacts productivity and sales for the company.

Employee Engagement and Team Communication

UPDC recognizes that the employees are an integral part of the business and to this end, certain events occur which fosters morale boost. Employees are fully involved in strategy formulations and executions for their respective business units. This aims at encouraging business plan ownership and commitment at all levels. Team Retreats, Business Review Meetings, Strategy Review Sessions, Project Integration Meetings and Town Hall Meetings are held for cross-exchange of ideas and crucial business information dissemination. In recent times, we have embraced the use of technology to have more hybrid forms of meeting.

Learning and Development

Employees are encouraged in their quest for personal and professional development. We adopt a training methodology that fosters free exchange of knowledge internally. Self-development is also encouraged and monitored, while the company organises training programs in conjunction with external facilitators for career advancement.

Performance Management
Performance Management strategies are structured to achieve the maximum productivity levels from all employees while maintaining a healthy and motivated workforce. UPDC's business objectives are set, cascaded, and monitored periodically to ensure alignment with overall business goals. Trainings on performance management standards are held periodically and compliance is also monitored.

BY ORDER OF THE BOARD

Folake Kalaro (Mrs.)
Company Secretary
FRC/2018/NBA/00000017754

Statement of Director's Responsibility for Annual Consolidated and Separate Financial Statements

The Directors of UPDC Plc are responsible for the integrity of the annual financial statements of the company, consolidated subsidiary, associates and the objectivity of their information presented in the annual report. The fulfilment of this responsibility is discharged through the establishment and maintenance of sound management and accounting systems, the maintenance of an organisational structure which provides delegation of authority and establishes clear responsibility, together with constant communication and review of operational performance measured against approved plans and budgets.

Management and employees operate in terms of code of ethics approved by the Board of the Company. The code requires compliance with all applicable laws and maintenance of the highest integrity in the conduct of all aspects of the business.

The annual financial statements, prepared in line with International Financial Reporting Standards (IFRS), the provisions of Companies and Allied Matters Act 2020 and Financial Reporting Council of Nigeria Act No 6 of 2011 are examined by our auditors in conformity with International Standards on Auditing.

An audit committee comprising three (3) representatives of the shareholders and two (2) board members meets periodically with our internal and external auditors as well as management to discuss internal accounting controls, auditing and financial reporting matters. The auditors have unrestricted access to the audit committee.

The Directors have no reason to believe that the company's operations will not continue as going concern in the year ahead other than where disclosures of discontinuations are anticipated, in which case provision is made to reduce the carrying cost of the relevant assets to net realisable value.

Signed on behalf of the Directors

Wole Oshin
Chairman
FRC/2013/CIIN/0000003054

Odunayo Ojo
Chief Executive officer
FRC/**2016/NIESV/00000014322**

CORPORATE GOVERNANCE REPORT

Introduction

The Board of UPDC Plc (UPDC or the Company) is committed to high standards of corporate governance, which it considers critical to business integrity and to maintaining investors' trust in the Company. The Company expects all its directors and employees to act with honesty, integrity, and fairness. The Company strives to act in accordance with the laws and regulations in Nigeria, adopt proper standards of business practice and procedure and operate with integrity.

The Board

Under the Articles of Association of the Company (the Articles), the Board is responsible for controlling and managing the business of the Company. It may exercise such powers of the Company as are not by statute or the Articles to be exercised by the Company in General Meeting.

The primary objective of the Board of Directors (Board) is to build long-term shareholder value with due regard to other stakeholder interests. It does this by setting strategic direction and context, such as the Company's mission, vision and core values, policies and objectives and focusing on issues critical for its successful execution such as staffing, executive training, succession planning, performance, and risk management.

The Board of the Company is made up of four(4) Non-Executive Directors and two (2) Executive Directors. The Board is headed by a Non-Executive Chairman who is separate from the Chief Executive Officer who heads the Management of the Company. The current Directors of the Company and their classifications are as follows:

Mr Oluwole Oshin	Non-Executive Chairman
Mr Odunayo Ojo	Chief Executive Officer
Ms Bidemi Fadayomi	Development Director
Mr Folasope Aiyesimoju	Non-Executive Director
Mr Oyekunle Osilaja	Non-Executive Director
Mr Adeniyi Falade	Non-Executive Director

All the Directors had access to the advice and services of the Company Secretary. With the approval of the Chairman of the Board, they may take advice from external professionals in areas where such advice will improve the quality of their contributions to Board deliberation and decision-making process.

The following are the matters reserved for the Board of Directors of the Company:

1) Formulation of policies, strategy and overseeing the management and conduct of the business.
2) Formulation and management of risk management framework.
3) Succession planning and the appointment, training, remuneration and replacement of Board members and senior management.
4) Overseeing the effectiveness and adequacy of internal control systems.
5) Overseeing the maintenance of the Company's communication and information dissemination policy.
6) Performance appraisal and compensation of board members and senior executives.
7) Ensuring effective communication with shareholders, stakeholders, the investing public.
8) Ensuring the integrity of financial controls and reports.
9) Ensuring that ethical standards are maintained.
10) Ensuring compliance with the Company's Memorandum and Articles of Association, applicable laws, regulations, standards and Code of Corporate Governance by the Company and its Business Units.
11) Definition of the scope of delegated authority to Board Committees and management and their accountabilities.
12) Definition of the scope of corporate social responsibility through the approval of relevant policies; and
13) Approval and enforcement of a Code of ethics and business practices for the Company and Code of Conduct for Directors.

Board Appointment Process, Induction and Training of Members

The Board Remuneration & Governance Committee serves as the nomination committee for recommending candidates to fill vacant positions on the Board. The process of appointing Directors includes declaration of a vacancy at a Board meeting, assessment of the relevant requirements (such as gender, age, technical and soft skills, geographical spread, experience and international exposure), sourcing of the curriculum vitae for suitable candidates, carrying out necessary background checks, informal interviews & interactions, and recommendation of suitable candidate(s) by the Board Remuneration & Governance Committee to the Board for approval. A director appointed by the Board is presented to the next Annual General Meeting for election in line with statutory requirements. A third of members of the Board retire by rotation at the Annual General Meetings.

Every newly appointed Director receives a comprehensive letter of appointment detailing the terms of reference of the Board and its Committees, the Board structure, schedule of Board meetings, his/her entitlements and demand on his/her time because of the appointment. Significant Company documents such as the Memorandum and Articles of Association of the Company, the previous Annual Report & Accounts, the National Code of Corporate Governance, Code of Business Conduct etc are also sent to the Director to enable him/her understand the Company, its history, culture, core values, governance framework, business principles, people, operations, brands, projects, processes, and plans. A new Director undergoes an induction/orientation process whereby he/she is introduced to the leadership team and get acquainted with business operations. Periodic trainings are organised for Board members from time to time.

Board Evaluation

The Board has established a system of independent annual evaluation of its performance, that of its Committees and individual Directors. In this regard, the Society for Corporate Governance Nigeria was engaged to conduct the Board performance evaluation for the Financial Year Ended December 31, 2022. The Board believes that the use of an independent consultant promotes the objectivity and the transparency of the evaluation process.

The annual appraisal covered all aspects of the Board's composition, structure, responsibilities, relationships, processes, individual members competencies and respective roles in the overall performance of the Board, as well as the Company's compliance status with the provisions of the Code of Corporate Governance. The result also confirmed that the individual Directors and the Board continue to operate at a high level of effectiveness and efficiency.

Board Compensation
Consistent with the Company's policy, remuneration of Executive Directors is fixed by the Board Remuneration and Governance Committee, which also has the responsibility of making recommendations to the Board on all payments made to Executive Directors.

Non-Executive Directors are renumerated in line with the Company's policy of providing them with fixed annual fees and sitting allowances for their services on the Board and Committees.

Board Meetings
The Board met four (4) times during the 2022 financial year. The following table shows the attendance of Directors at the Board meetings:

DIRECTORS	7/3	21/4	28/7	18/10
Mr Oluwole Oshin	P	P	P	P
Mr Odunayo Ojo	P	P	P	P
Mrs Folakemi Fadahunsi	P	NLM	NLM	NLM
Ms Bidemi Fadayomi	NYAM	NYAM	NYAM	P
Mr Folasope Aiyesimoju	P	P	P	P
Mr Oyekunle Osilaja	P	P	P	AWA
Mr Adeniyi Falade	P	P	P	P

Key:
P - Present
NLM - No Longer A Member
NYAM - Not Yet A Member
AWA – Away With Apology

Board Committees
The Board exercises oversight responsibility through its standing Committees, each of which has a Charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting line to the Board. In line with best practice, the Chairman of the Board is not a member of any Committee. The Board has four (4) Committees namely: the Board Finance, Investment and Operations Committee, the Board Risk, Audit and Compliance Committee, the Board Renumeration and Governance Committee and the Statutory Audit Committee.

While the various Board Committees have the authority to examine issues within the terms of reference and report back to the Board with their decisions and/or recommendations, the ultimate responsibility for all matters lies with the Board.

Finance, Investment and Operations Committee
The Committee supports the Board's responsibilities relating to the financial affairs of the Company and to make recommendations to the Board in connection with the Company's investment, financing and operational activities.

Members
Mr Adeniyi Falade – Chairman
Mr Folasope Aiyesimoju
Mr Oyekunle Osilaja
Mr Odunayo Ojo
Mrs Folakemi Fadahunsi
Ms Bidemi Fadayomi

The Committee is responsible for ensuring investment guidelines comply with legal and regulatory requirements and that investment activities reflect the goals/strategy of the Company. The Committee also:

- Provides strategic assistance to Management and the Board on finance, administration and general matters concerning the Company.
- Periodically review changes in the economic and business environment, including emerging trends and other factors relevant to the Company's business.
- Reviews the Company's Accounts and oversight of Management's compliance with budget.
- Reviews the Company's real property holdings and approve all development and execution strategy of the Company

The Committee Meetings
The Committee met seven (7) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

Directors	28/2	21/4	28/6	26/7	7/8	17/10	22/12
Mr Adeniyi Falade	P	P	P	P	P	P	P
Mr Folasope Aiyesimoju	P	P	P	P	P	P	P
Mr Oyekunle Osilaja	P	P	P	P	P	P	P
Mr Odunayo Ojo	P	P	P	P	P	P	P
Mrs Folakemi Fadahunsi	P	NLM	NLM	NLM	NLM	NLM	NLM
Ms Bidemi Fadayomi	NYAM	NYAM	NYAM	NYAM	P	P	P

Key:
P: Present
NLM - No Longer A Member
NYAM - Not Yet A Member

The Risk, Audit and Compliance Committee
The Committee supports the Board's responsibilities relating to the risk management and effectiveness of internal controls of the Company and to make recommendations to the Board in connection with the Company's risk management and internal control policies and framework.

Members
Mr Folasope Aiyesimoju – Chairman
Mr Adeniyi Falade
Mr Oyekunle Osilaja
Mr Odunayo Ojo
Mrs Folakemi Fadahunsi
Ms Bidemi Fadayomi

The Committee reviews and recommends for approval of the Board, the risk management policies and framework, as well as assist the Board in its oversight of risk management strategy.

The Committee also:
- Exercises oversight over the process for the identification and assessment of risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Exercises oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors.
- Ensures the establishment of and exercise oversight on the internal audit function which provides assurance on the effectiveness of the internal controls.
- Ensures the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems; and
- Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place.

Committee Meetings
The Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTORS	2/3	21/4	26/07	13/10
Mr Folasope Aiyesimoju	P	P	P	P
Mr Adeniyi Falade	P	P	P	P
Mr Oyekunle Osilaja	P	P	P	AWA
Mr Odunayo Ojo	P	P	P	P
Mrs Folakemi Fadahunsi	P	NLM	NLM	NLM
Ms Bidemi Fadayomi	NYAM	NYAM	NYAM	P

Key:
P - Present
NLM - No Longer A Member
NYAM - Not Yet A Member
AWA – Away With Apology

The Remuneration & Governance Committee
The Committee supports the Board's responsibilities relating to board appointments, governance matters and remuneration and to make recommendations to the Board in connection with appointment of directors, remuneration, succession, performance evaluation and governance matters.

Members
Mr Oyekunle Osilaja - Chairman
Mr Folasope Aiyesimoju
Mr Adeniyi Falade

Committee's Meetings
The Committee met twice (2) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTORS	17/3	13/10
Mr Oyekunle Osilaja	P	P
Mr Fola Aiyesimoju	P	P
Mr Adeniyi Falade	P	P

Key:
P - Present

The Statutory Audit Committee
The statutory Audit Committee consists of five members made up of three representatives of the shareholders elected at the previous Annual General Meeting for tenure of one year and two representatives of the Board of Directors. The meetings of the Committee which are held quarterly were attended our Internal Audit Manager and when necessary, by representatives of Deloitte & Touché, our External Auditors.

Members
Mr Joe Anosikeh - Chairman
Alhaji Gbadebo Olatokunbo
Eng. Taiwo G. Fawole
Mr Oyekunle Osilaja
Mr Adeniyi Falade

Committee's Meetings
The following table shows members' attendance at the four (4) meetings of the Committee in 2022:

DIRECTORS	4/3	19/4	19/7	11/10
Mr Joe Anosikeh	P	P	P	P
Alhaji Gbadebo Olatokunbo	P	P	P	P
Engr Taiwo Fawole	P	P	AWA	P
Mr Oyekunle Osilaja	AWA	P	P	AWA
Mr Adeniyi Falade	P	P	P	P

Key:
P - Present
AWA – Away With Apology

The Committee is authorized by CAMA 2020 to:
- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- Review the scope and planning of audit requirements.
- Review the findings on management matters in conjunction with the external auditor and departmental responses thereon.
- Keep under review the effectiveness of the company's system of accounting and internal control.
- Make recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company.
- Authorize the Internal Auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee; and
- Receive quarterly/periodic reports from the internal audit unit.

In addition, the SEC Code of Corporate Governance also assigns specific responsibilities to the Committee.

Company Secretary
The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and management to develop good corporate governance practices and culture within the Company. The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the Management of the Company. In furtherance of Board and Committee meetings, the Company Secretary undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations.

The Company Secretary is responsible for providing the Board and Directors individually, with detailed guidance on how their responsibilities should be properly discharged in the best interest of the Company.

The Office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Companies and Allied Matters Act, the Nigeria Exchange Limited's Rules and Regulations, amongst others.

The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

Diversity
The Company acknowledges that a diverse workforce is of significant social and commercial value and important to being an inclusive Employer. The Company accepts the value that diversity can bring, which includes:

- Providing greater alignment
- Improving creativity and innovation
- Broadening the skills and experience of the labour pool from which Custodian can draw and attract top talent to our business

The Company strives to create a work environment which is inclusive to all people regardless of gender, age, race, disability, cultural background, religion, family responsibilities or any other area of potential difference. All areas of diversity are important, and the Company pays particular attention to gender diversity.

Succession Planning
The Board Remuneration and Governance Committee is tasked with the responsibility for the Company's succession planning process. The Committee identifies critical positions on the Board and the Executive Management Level that are deemed important to the achievement of the Company's business objectives and strategies and have a significant impact of the Company.

The Company has a robust policy which is aligned to the Company's performance management process. The Policy seeks to identify the competency requirements of critical and key positions, assess potential candidates, and develop required competency through planned development and learning initiatives.

Whistleblowing Procedure
In line with the Board's commitment to instil the best corporate governance practices, a Whistleblowing ("Policy") was adopted by the Company. The Policy provides a channel for the Company's Employees and other relevant Stakeholders to raise concerns about workplace malpractices confidentially to enable the relevant authorities investigate and deal with such manner consistent with the Company's policies and regulations. The policy also provides for protection against harassment or victimization of employees who report genuine concerns, malpractice or illegal acts or omissions by Directors and Employees.

UPDC's Whistle-blowing policy ensures that whistle-blowing assists in uncovering significant risks in line with best practices. Under the Policy, a whistle-blower who in good faith, reports suspected violations or attempted violation of the policy or who reports a request or offer of a corrupt payment is protected. A form for this purpose is available on the Company's website.

Control Environment
The Board reviews the Control environment of the Company at its quarterly meeting and ensures that audit recommendations are fully implemented by all concerned. A Fraud Policy is in place to promote consistent organizational behaviour by providing guidelines and assigning responsibilities for the deployment of controls and conduct of investigation. The Fraud Policy is complemented by the Sanctions Grid whereby the Board sends a strong message to the employees on the Company's zero tolerance level for persistent audit exceptions and unimplemented audit recommendations. The Internal Audit Unit is in place to strengthen the control environment.

Trading in Security Policy
In compliance with the Rules of the Nigerian Exchange Limited (NGX), we have put in place a Securities Trading Policy to guide employees and Directors of the Company, persons closely connected to them, and all insiders of the Company on trading in the securities of the Company. Under the policy, the closed period shall be effective from end of a relevant quarter up to twenty four (24) hours after the price sensitive information is submitted to the NSE. The trading window shall thereafter be opened. We hereby confirm that no Director traded in the securities of the Company within the closed period.

Shareholders Complaints Management Policy
We have put in place a Complaints Management Policy to handle and resolve complaints from our Shareholders and investors. The Company's senior management is responsible for the implementation of the Policy which is on the Company's website.

Compliance with the Code of Corporate Governance
The Company has complied with the provisions of the 2011 Code of Corporate Governance for Public Companies in Nigeria and 2018 National Code of Corporate Governance.

Communication with Third Parties
The Company's Directors are of the opinion that it is Management's responsibility to speak for the Company regarding communications with third parties, such as Investors, the Press and Public in general. Directors only engage in such communication at the request of or after consultation with Management.

BY ORDER OF THE BOARD

Folake Kalaro (Mrs.)
Company Secretary
FRC/2018/NBA/00000017754

Deloitte.

P.O. Box 965
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Lagos
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of UPDC Plc
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements **of UPDC Plc** and its subsidiaries (together referred to as the Group) set out on pages 15 to 79, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity and consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **the group and the company** as at 31 December 2022, and its consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with International Financial Reporting Standards, Companies and Allied Matters Act, 2020, the Investment and Securities Act CAP S124 LFN 2007 and in compliance with the Financial Reporting Council of Nigeria Act.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated Financial Statements in Nigeria.

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

Material uncertainty related to Going Concern

We draw your attention to Note 18 of the financial statements, which indicates that a subsidiary of the Group, UPDC Hotel Limited incurred a net loss of N2.9 billion during the year ended 31 December 2022 and, as of that date, the Company's current liabilities exceeded its total assets by N7.7billion. As stated in Note 30.1, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the subsidiary's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter
We draw your attention to Note 31 of the financial statements, which describe an error relating to restatement of prior year affected comparative figures. Our opinion is not modified in respect of this matter.

Key Audit Matter
Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How the matter was addressed in the audit
Valuation of property, plant and equipment of UPDC Hotel Limited (UHL) Consequent to the decision of the Board of directors to discontinue disposal of the investment in UPDC Hotel Limited (i.e., Festival Hotel) during the year, the Group valued and reclassified the property, plant and equipment of UPDC Hotel Limited which had earlier been reported as assets held for sale and a discontinued operation since 2017. These valuation and reclassification were done in line with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations to determine the recoverable amount of the property, plant and equipment which amounted to N8.2billion as at 18 August 2022. The determination of the fair value of the property, plant and equipment involves management's estimate and exercise of significant judgment, which requires key subjective inputs and assumptions. The level of judgment involved in the determination of the fair value, makes the assets an area of significance in our audit. Management engaged Messrs. Knight Frank Nigeria, Estate Surveyors and Valuers (FRC/2013/00000000584) for the valuation of the Property, plant and equipment on 18 August 2022.	**Our procedures included the following among others:** • Evaluated the qualification of the external experts engaged by management to ensure that they were qualified to carry out the valuation. • Assessed the valuation results by the external expert engaged by management by comparing it to relevant independent property price information. • Robustly challenged the assumption and reperformed some of the valuation computation to assess for reasonableness. • As part of our robust challenge of the valuation, we engaged Deloitte & Touche property specialist to review and evaluate the reasonableness of assumptions made for the valuation of the property, plant and equipment of the company. • Based on our review, we found that management estimates and assumptions in determining the fair value of the property, plant and equipment in the Group's financial statements were reasonable and appropriate in the circumstance.

Other matter
The consolidated and separate financial statements for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements. We do not express an opinion or any other form of assurance on the 2021 consolidated and separate financial statements as a whole.

Deloitte.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the "UPDCs Plc Consolidated and Separate Financial Statements", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Report, Statement of corporate responsibility for the financial statements and Other National Disclosures as required by the Companies and Allied Matters Act, 2020, and the Financial Reporting Council of Nigeria Act, 2011, 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. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, the Investment and Securities Act CAP S124 LFN 2007 and the Financial Reporting Council of Nigeria Act and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 Group's and 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 auditor's report to the related disclosures in the consolidated and separate 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 auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine the matter that was of most significance in the audit of the consolidated and separate financial statements of the current period and is therefore the key audit matter. 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 Fifth Schedule of the Companies and Allied Matters Act, 2020 we expressly state that:

i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
31 March 2023
Engagement Partner: Joshua Ojo
FRC/2013/ICAN/00000000849

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

		The Group		The Company	
		2022	2021	2022	2021
	Notes	N'000	N'000	N'000	N'000
Revenue	5 (i)	5,896,957	825,404	3,870,963	540,563
Cost of sales	7 (i)	(4,289,233)	(685,126)	(3,030,515)	(604,918)
Gross profit/(loss)		**1,607,724**	**140,278**	**840,448**	**(64,355)**
Profit/(Loss) on disposal on investment properties	15	-	284,734	-	284,734
Selling and distribution expenses	7 (ii)	(76,131)	(46,420)	(69,535)	(39,705)
Administrative expenses	7 (iii)	(1,275,615)	(862,103)	(607,569)	(773,490)
Other income	6	298,053	310,762	390,596	98,608
Credit Loss reversal/(expenses)	9	157,092	(724,999)	158,298	(7,289,208)
Share of loss from joint venture	16(ii)	(3,279)	(1,467)	(3,279)	(1,467)
Operating profit/(loss)		**707,844**	**(899,215)**	**708,959**	**(7,784,883)**
Finance income	8	86,367	45,654	77,611	44,929
Finance cost	8	(463,613)	(763,707)	(463,613)	(763,707)
Net finance cost		(377,246)	(718,053)	(386,002)	(718,778)
Profit/ (loss) before taxation		**330,598**	**(1,617,268)**	**322,957**	**(8,503,661)**
Taxation	10	(130,066)	(142,969)	(26,251)	(75,717)
Profit/(loss) from continuing operations		**200,532**	**(1,760,237)**	**296,706**	**(8,579,378)**
Discontinued operations					
Loss from discontinued operations	32	-	(116,286)	-	-
Profit/(loss) for the year		**200,532**	**(1,876,523)**	**296,706**	**(8,579,378)**
Other comprehensive income:					
Items not to be subsequently recycled to profit or loss:					
Fair value loss on financial assets	17	(193,450)	(140,084)	(193,450)	(140,084)
Tax on other comprehensive income		-	-	-	-
Total comprehensive profit/(loss) for the year		**7,082**	**(2,016,607)**	**103,256**	**(8,719,462)**
Profit/ (loss) attributable to:					
Equity holders of the parent		159,658	(1,927,578)	296,706	(8,579,378)
Non controlling interest		40,874	51,055	-	-
Total profit/(loss)		**200,532**	**(1,876,523)**	**296,706**	**(8,579,378)**
Total comprehensive profit/(loss) attributable to:					
Equity holders of the parent		(33,792)	(2,067,662)	103,256	(8,719,462)
Non controlling interests		40,874	51,055	-	-
Total comprehensive profit/(loss)		**7,082**	**(2,016,607)**	**103,256**	**(8,719,462)**
Earnings per share for profit/(loss) attributable to the equity holders of the group:					
Basic Profit/(Loss) Per Share (Kobo)					
From continuing operations	12	1	(9)	2	(46)
From discontinued operations	12	-	(1)	-	-
From profit/(loss) for the year		1	(10)	2	(46)
Diluted Profit/(Loss) Per Share (Kobo)					
From continuing operations	12	1	(9)	2	(46)
From discontinued operations	12	-	(1)	-	-
From profit/(loss) for the year		1	(10)	2	(46)

The accompanying notes and accounting policies on pages 20 to 79 for an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Financial Position
At 31 December 2022

		The Group			The Company		
			Restated	Restated		Restated	Restated
		2022	2021	2020	2022	2021	2020
	Notes	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Non-current assets							
Property, plant and equipment	13	8,390,160	49,928	31,474	28,744	31,402	7,142
Intangible assets	14	45,442	16,389	6,598	10,970	14,315	3,942
Investment properties	15	-	-	1,786,573	-	-	1,786,573
Investments in joint ventures	16 (ii)	125,647	128,926	130,393	124,843	128,122	129,589
Equity instrument at fair value	17	400,240	593,690	733,774	400,240	593,690	733,774
Investments in subsidiaries	18	-	-	-	1,719,716	1,719,716	108,019
		8,961,489	788,933	2,688,812	2,284,513	2,487,245	2,769,039
Current assets							
Inventories	19	5,265,759	6,084,508	4,270,906	3,927,220	4,468,168	4,270,906
Trade and other receivables	20	1,911,918	2,659,415	4,148,026	1,981,131	2,582,801	10,499,895
Current tax assets	10 (i)	127,762	96,908	96,908	127,762	96,908	96,908
Cash at bank and in hand	21	3,161,475	1,878,320	2,947,335	2,532,109	1,329,891	2,650,272
		10,466,914	10,719,151	11,463,175	8,568,222	8,477,768	17,517,981
Assets of disposal group classified as held for sale/distribution to owners	32	-	8,086,682	8,140,686	-	-	-
Total assets		**19,428,403**	**19,594,766**	**22,292,673**	**10,852,735**	**10,965,013**	**20,287,020**
Equity							
Share capital	27	9,279,985	9,279,985	9,279,985	9,279,985	9,279,985	9,279,985
Share premium	27 (i)	8,971,551	8,971,551	8,971,551	8,971,551	8,971,551	8,971,551
Fair value reserve of financial assets at FVOCI		(166,767)	26,683	166,767	(166,767)	26,683	166,767
Other reserves		-	391,420	-	-	391,420	-
Retained earnings	27 (ii)	(9,731,569)	(10,578,019)	(8,650,442)	(17,442,318)	(17,739,024)	(9,159,646)
Equity attributable to equity holders of the Company		8,353,200	8,091,620	9,767,861	642,451	930,615	9,258,657
Non- controlling interest		43,436	2,562	(48,493)	-	-	-
Total equity		**8,396,636**	**8,094,182**	**9,719,368**	**642,451**	**930,615**	**9,258,657**
Liabilities							
Non-current liabilities							
Interest bearing Loans and Borrowings	22	4,702,096	5,511,653	4,270,880	4,702,096	5,511,653	4,270,880
Deferred taxation liabilities	26	73,016	79,357	72,537	72,537	72,537	72,537
Deferred revenue	25	-	-	2,145	-	-	2,145
		4,775,112	5,591,010	4,345,562	4,774,633	5,584,190	4,345,562
Current liabilities							
Trade and other payables	23	6,041,882	4,484,103	5,902,527	5,327,596	4,273,066	5,306,108
Current income tax liabilities	10	144,048	138,964	119,688	37,330	78,532	117,785
Interest bearing Loans and Borrowings	22	70,725	-	1,151,620	70,725	-	1,151,620
Deferred revenue	25	-	98,610	107,288	-	98,610	107,288
		6,256,655	4,721,677	7,281,123	5,435,651	4,450,208	6,682,801
Liabilities of disposal group classified as held for sale/distribution to owners	32	-	1,187,897	946,620			
Total liabilities		**11,031,767**	**11,500,584**	**12,573,305**	**10,210,284**	**10,034,398**	**11,028,363**
Total equity and liabilities		**19,428,403**	**19,594,766**	**22,292,673**	**10,852,735**	**10,965,013**	**20,287,020**

The financial statements were approved by the board of directors on 14 March 2023 and signed on its behalf by:

Wole Oshin
Chairman
FRC/2013/CIIN/00000003054

Odunayo Ojo
Chief Executive Officer
FRC/2016/NIESV/00000014322

Gbenga Fagbami
Financial Controller
FRC/2018/ICAN/00000018050

The accompanying notes and accounting policies on pages 20 to 79 for an integral part of these consolidated and separate financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	Notes	The Group 2022 N'000	The Group Restated 2021 N'000	The Company 2022 N'000	The Company Restated 2021 N'000
Profit/ (loss) before tax		**330,598**	**(1,617,268)**	**322,957**	**(8,503,661)**
Adjustment for non cash items:					
Depreciation	13	38,145	15,300	9,961	8,971
Amortization of intangible asset	14	5,586	3,622	3,346	3,038
Gain on disposal of investment properties (net of expense)	15	-	(284,734)	-	(284,734)
Share of loss from investment in joint venture	16	3,279	1,467	3,279	1,467
Profit from disposal of scraps	6	-	(3,954)	-	(3,954)
Investment income	6	(57,271)	(50,430)	(57,271)	(50,430)
Finance cost	8	463,613	675,522	463,613	675,522
Loss from discontinued operations	32	-	(116,286)		
Write back of impairment on asset of disposal group held for sale	32	686,792	-	-	-
Profit on disposal of property, plant and equipment	6	-	(12,595)	-	(12,595)
Finance income	8	(86,367)	(45,654)	(77,611)	(44,929)
Assets of disposal group classified as held for sale		(1,343,814)	295,281	-	-
Exchange (gain)/loss	6&7	(494)	56,844	(494)	56,844
Withholding tax utilized for tax	10	(2,310)	-	(2,310)	-
		37,757	**(1,082,886)**	**665,469**	**(8,154,461)**
Changes in working capital:					
Decrease/(increase) in inventories	19	818,749	(1,144,587)	540,948	471,753
Decrease in trade and other receivables	10(i)&20	716,641	1,488,611	570,814	7,917,094
Increase/(decrease) in trade and other payables	23	1,557,779	(1,418,424)	1,054,529	(1,033,042)
Decrease in deferred revenue	25	(98,610)	(10,823)	(98,610)	(10,823)
Cash flow generated from/(used in) operating activities		**3,032,317**	**(2,168,108)**	**2,733,151**	**(809,479)**
Tax paid	10	(129,013)	(116,873)	(65,143)	(114,970)
Net Cash inflow from/(used in) operating activities		**2,903,303**	**(2,284,981)**	**2,668,008**	**(924,449)**
Cash flow from investing activities					
Proceeds from sale of investment property	15	-	1,402,292	-	1,402,292
Purchase of property, plant & equipment	13	(149,451)	(34,734)	(7,302)	(33,844)
Purchase of intangible asset	14	(33,039)	(13,412)	-	(13,412)
Proceeds from sale of property, plant and equipment		12,075	13,207	-	13,207
Proceeds from disposal of scraps		-	4,322	-	3,957
Dividend received	6	57,271	50,430	57,271	50,430
Investment in subsidiary	18	-	-	-	(1,611,697)
Interest received	8	86,367	45,654	77,611	44,929
Net cash flow (used in)/generated from investing activities		**(26,776)**	**1,467,759**	**127,581**	**(144,139)**
Cash flow from financing activities					
Proceeds from borrowings	22	-	5,903,073	-	5,903,073
Repayment of borrowings	22	(1,143,421)	(5,422,500)	(1,143,421)	(5,422,500)
Interest paid	22	(450,445)	(675,522)	(450,445)	(675,522)
Net cash flow used in financing activities		**(1,593,866)**	**(194,949)**	**(1,593,866)**	**(194,949)**
Net increase/(decrease) in cash and cash equivalents		1,282,661	(1,012,171)	1,201,723	(1,263,537)
Net foreign exchange difference	6&7	494	(56,844)	494	(56,844)
Cash and cash equivalents at the beginning of the period	21	1,878,320	2,947,335	1,329,891	2,650,272
Cash and cash equivalents at the end of the period	**21**	**3,161,475**	**1,878,320**	**2,532,109**	**1,329,891**

The accompanying notes and accounting policies on pages 20 to 79 for an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity

The Group
Attributable to owners of the Company

	Share Capital N'000	Share Premium N'000	Retained earnings N'000	Other Reserves N'000	Fair value reserve of financial assets at FVOCI N'000	Total N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2022	9,279,985	8,971,551	(10,578,019)	391,420	26,683	8,091,620	2,562	8,094,182
Profit for the period	-	-	159,658	-	-	159,658	40,874	200,532
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(193,450)	(193,450)	-	(193,450)
Write back of impairment on asset of disposal group held for sale - Note 32	-	-	686,792	-	-	686,792	-	686,792
Release of gain on revaluation of shareholder loan	-	-	-	(391,420)	-	(391,420)	-	(391,420)
Balance at 31 December 2022	**9,279,985**	**8,971,551**	**(9,731,569)**	**-**	**(166,767)**	**8,353,200**	**43,436**	**8,396,636**
Balance at 1 January 2021 restated	9,279,985	8,971,551	(8,650,442)	-	166,767	9,767,861	(48,493)	9,719,368
Loss for the period	-	-	(1,927,578)	-	-	(1,927,578)	51,055	(1,876,523)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(140,084)	(140,084)	-	(140,084)
Gain on revaluation of shareholder loan	-	-	-	391,420	-	391,420	-	391,420
Balance at 31 December 2021 (restated)	**9,279,985**	**8,971,551**	**(10,578,019)**	**391,420**	**26,683**	**8,091,620**	**2,562**	**8,094,182**
Balance at 1 January 2020 as earlier stated	1,299,198	6,065,397	(5,014,475)	-	-	2,350,120	-	2,359,120
Provisions write back (see note 31)	-	-	76,955	-	-	76,955	-	76,955
Balance at 1 January 2020 restated see note 31	1,299,198	6,065,397	(4,937,520)	-	-	2,427,075	(178,288)	2,248,787)
Loss for the year restated (see note 31)	-	-	(617,068)	-	-	(617,068)	11,776	(605,292)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	166,767	166,767	-	166,767
Gain on disposal of investment in subsidiary	-	-	469,481	-	-	469,481	-	469,481
Statute barred dividend	-	-	71,869	-	-	71,869	-	71,869
Acquisition of subsidiary	-	-	-	-	-	-	118,019	118,019
Right Issue	7,980,787	7,604,210	-	-	-	15,584,997	-	15,584,997
Unbundling of UPDC REIT units	-	(4,698,056)	(3,637,204)	-	-	(8,335,260)	-	(8,335,260)
Balance at 31 December 2020 (restated)	**9,279,985**	**8,971,551**	**(8,650,442)**	**-**	**166,767**	**9,767,861**	**(48,493)**	**9,719,368**

The accompanying notes and accounting policies on pages 20 to 79 for an integral part of these consolidated and separate financial statements.

The Company
Attributable to owners of the Company

	Share Capital N'000	Share Premium N'000	Revenue Reserve N'000	Other Reserves N'000	Fair value reserve of financial assets at FVOCI N'000	Total N'000
Balance at 1 January 2022	9,279,985	8,971,551	(17,739,024)	391,420	26,683	930,615
Profit for the period	-	-	296,706	-	-	296,706
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(193,450)	(193,450)
Loan from equity holder			-	(391,420)	-	(391,420)
Balance at 31 December 2022	**9,279,985**	**8,971,551**	**(17,442,318)**	**-**	**(166,767)**	**642,451**
Balance at 1 January 2021 restated	9,279,985	8,971,551	(9,159,646)	-	166,767	9,258,657
Loss for the period	-	-	(8,579,378)	-	-	(8,579,378)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	(140,084)	(140,084)
Loan from equity holder*	-	-	-	391,420	-	391,420
Balance at 31 December 2021 (restated)	**9,279,985**	**8,971,551**	**(17,739,024)**	**391,420**	**26,683**	**930,615**
Balance at 1 January 2020 as earlier stated	1,299,198	6,065,397	(5,082,059)	-	-	2,282,536
Provisions write back (see note 31)	-	-	76,955	-	-	76,955
Balance at 1 January 2020 restated see note 31	1,299,198	6,065,397	(5,005,104)	-	-	2,359,491
Loss for the year restated see note 31	-	-	(1,058,687)	-	-	(1,058,687)
Net changes in fair value of financial assets through other comprehensive income	-	-	-	-	166,767	166,767
Gain on disposal of investment in subsidiary	-	-	469,481	-	-	469,481
Statute barred dividend			71,869	-	-	71,869
Right Issue	7,980,787	7,604,210	-	-	-	15,584,997
Unbundling of UPDC REIT units	-	(4,698,056)	(3,637,205)	-	-	(8,335,261)
Balance at 31 December 2020 (restated)	**9,279,985**	**8,971,551**	**(9,159,646)**	**-**	**166,767**	**9,258,657**

*Loan from equity holder represents the difference between the loan amount and present value of the principal loan recognised as additional equity contribution in other reserves.

The accompanying notes and accounting policies on pages 20 to 79 for an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

1. General information

UPDC Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The Group and the Company have businesses with activities in the following principal sectors: real estate and hotel management. The address of the registered office is 1-5 Odunlami Street, Lagos.

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

1.2 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) UPDC Plc maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement.

1.3 Management's Assessment of Internal Controls

The management of UPDC Plc is responsible for establishing and maintaining adequate internal control over financial reporting. UPDC's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair representation of published financial statements.

UPDC Plc's management assessed the effectiveness of the Company's internal controls within the reporting period. Based on our assessment, we believe that as of 31 December 2022, the Group and the Company's internal control is effective. We will continue to work on further strengthening this position.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) interpretations applicable to companies reporting under IFRS as issued by International Accounting Standards Board (IASB), Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of Companies and Allied Matters Act, 2020. The consolidated and separate financial statements have been prepared under the historical cost convention except for investment properties and equity instruments at fair value through other comprehensive income, which are measured at fair value.

The preparation of consolidated and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 4.
(All amounts are in Naira thousands unless otherwise stated)

2.1.2 *Changes in accounting policy and disclosures*

New and amended standards and interpretations
The Group and the Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group and Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
Effective for annual periods beginning on or after 1 January 2022.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments to IFRS 16 is not expected to have a significant impact on the consolidated and separate financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Effective for annual periods beginning on or after 1 January 2022.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are "directly related to contract activities", but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

The amendments to IAS 37 is not expected to have a significant impact on the consolidated and separate financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and of the Company.

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and Company.

IAS 41 Agriculture: Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or

after 1 January 2022. Earlier application is permitted. This amendment had no impact on the financial statements of the Group and Company.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1
In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. Effective for annual periods beginning on or after 1 January 2022.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

The amendments to IAS 1 is not expected to have a significant impact on the consolidated and separate financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments to IFRS 10 and IAS 28 is not expected to have a significant impact on the consolidated and separate financial statements.

2.1.3 *Standards issued but not yet effective*
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group and Company's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

► A specific adaptation for contracts with direct participation features (the variable fee approach)
► A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group and Company.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. Effective for annual periods beginning on or after 1 January 2022.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments to IFRS 3 is not expected to have a significant impact on the consolidated and separate financial statements of UPDC Plc.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Classification of Liabilities as Current or Non-current: Amendments to IAS 1
In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

In July 2021, the Board tentatively decided to defer the effective date of the 2020 amendments to no earlier than 1 January 2024.

The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation

Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

Transition
A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments to IAS 12 are applicable for annual periods beginning on or after 1 January 2023. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group.

Except where otherwise stated, the Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

2.2 Consolidation

(a) Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group and the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

(c) Disposal of subsidiaries

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

(d) *Associates and joint ventures*

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

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

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

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

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

Dilution gains and losses arising on investments in associates are recognised in the Profit or Loss.

(e) *Joint arrangements*

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be both joint operations and joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group and the Company account for joint operation by treating the operation as its own operations by recognising its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities held jointly, its revenue from the sale of the output by the joint operation, its share of revenue from the sale of the output by the joint operation, its expenses, including its share of any expenses incurred jointly.

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

(c) Group companies

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

(a) assets and liabilities for each item of Statement of Financial Position presented are translated at the closing rate at the reporting date;
(b) income and expenses for each Profit or Loss item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

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

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

Assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives

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

Leasehold buildings	Lease terms vary from 5 to 99 years
Plant and Machinery	
a) Heavy	5 to 7 years
b) Light	3 to 5 years
Motor Vehicles	
a) Commercial	7 to 10 years
b) Passenger	4 to 5 years
Furniture and Fittings	3 to 5 years
Computer equipment	3 to 5 years

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

The depreciation on property, plant and equipment is recognised in profit or loss in the year in which it occurred. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

An item of property and equipment is derecognized on 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 profit or loss in the year the asset is derecognized.

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

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to accounting policy on Computer Software). All internally generated intangible assets are expensed as incurred.

The useful lives of intangible assets are either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the method are reviewed at each financial year end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively. Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment either individually or at the cash-generating level. The useful lives are also reviewed each period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment to a finite life is accounted for prospectively.

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

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

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

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

Computer software development costs recognised as assets are amortised over their estimated useful lives, that is, 5 years or 20%.

An intangible asset is derecognised on disposal or when no future benefits are expected from its use or disposal. The gain or loss on derecognition is the difference between any net disposal proceeds and carrying amount of the asset.

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

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

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

The Group makes use of internal and external valuation experts. Each property is valued by an external valuer annually.

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

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

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

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

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

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

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

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

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

2.8 Impairment of non-financial assets

The carrying value of assets is reviewed for impairment at each reporting date. Assets are impaired when events or changes in circumstances indicate that their carrying value may not be recoverable. If such indication exists and where carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Recoverable amounts are determined as the higher of fair value less costs to sell or value in use. Impairment losses and the reversal of impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Notes to the Consolidated and Separate Financial Statements

2.9 Financial Instruments-recognition and subsequent measurement

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.

Financial Assets

Initial recognition

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 Group and 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 Group and Company has applied the practical expedient, the Group and 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 Group and 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 below.

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.

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

Recognition and measurement

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 Group and Company commits to purchase or sell the asset.

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 Group and Company. The Group and 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
- 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 Group and Company's financial assets at amortised cost includes trade receivables, cash and cash equivalents and related parties receivables. A financial asset recoverable within one year is classified as current asset. If not, is presented as non-current asset.

Notes to the Consolidated and Separate Financial Statements

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.

Derecognition
When the Group and 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 Group and Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have 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 and 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 4.1b
- Trade receivables and other financial assets Note 20

The Group and Company recognise 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 Group and Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three 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 (i.e. stage 1 - 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 (i.e. stage 2 & 3 - a lifetime ECL).

Significant increase in credit risk
The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For receivables from related parties (non-trade), and short-term deposits, the Group and Company apply general approach in calculating ECLs. It is the Group and 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.

The Group and Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve

2.10 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group and Company's financial liabilities include trade and other payables.

Subsequent measurement

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

2.11 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 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.

2.12 Financial guarantee contracts

Financial guarantees contracts are contracts that require the Group and Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the debt instrument. Such financial guarantees are given on behalf of debtors to secure loans.

The fair value of a financial guarantee contract is calculated as the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. Cost incurred on financial guarantee contracts is usually expensed and reported in the Statement of Profit or Loss where no asset is recoverable in the course.

Offsetting 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.

2.13 Borrowings

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

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

2.14 Inventories

Inventories include assets held for sale in the ordinary course of business (land and homes), assets (land, homes and infrastructure, including amenities) in the production process for sale in the ordinary course of business (work in process), and materials and supplies that are consumed in production (raw materials).

Inventories are stated at the lower of cost and estimated net realisable value. Cost comprises:

- Historical cost (or fair valuation) of land
- Other costs of purchase (including taxes, transport – where applicable, handling, agency etc) net of discounts received

- Costs of production or conversion to homes, infrastructure & amenities (including fixed and variable construction overheads and the cost of services and consultants involved in the production process, projects management costs – including cost of supervision and internal projects management) and
- Other costs incurred in bringing the inventories to their present location and condition
- Capitalised borrowing costs in relation to qualifying assets

Any write-down to NRV is recognised as an expense in the period in which the write-down occurs. Any reversal is recognised in the income statement in the period in which the reversal occurs.

The valuation of the inventories was carried out by an independently appointed asset valuer Diya Fatimilehin & Co. - FRC/2013/NIESV/00000000754) who hold recognised relevant professional qualifications and have relevant experience in the locations and categories of the inventories valued.

2.15 Cash, cash equivalents and bank overdrafts

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

2.16 Borrowing costs

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

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

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

2.17 Provisions

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

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

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

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

2.18 Share capital

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

Where any Group or Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.19 Current and deferred income tax

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each 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. Deferred tax is charged or credited to the Profit or Loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

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

Notes to the Consolidated and Separate Financial Statements

2.20 Employee benefits

(a) Defined contributory schemes

The defined contribution plan the Group and Company have for its employees is statutory pension scheme.

Pension scheme

The Pension Reform Act of 2014 requires all companies to pay a minimum of 10% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees to pension fund administrator. The mployees also contribute a minimum of 8% of his/her emolumets (i.e. basic, housing and transport allowances). The Company's contributions are recognised as employee benefit expenses when they are due. The Group and Company has no further payment obligation once the contributions have been paid.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. This includes salaries and wages.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

The Group recognizes termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal dedicated plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

(b) Profit-sharing and bonus plans

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

2.21 Revenue from contracts with customers

The Group and Company is in the business of acquiring, developing, selling and managing high quality, serviced commercial and residential accommodation and retail space. These contracts are divided into three revenue streams namely:

- Sales of Goods - Sale of property stock
- Hotel Management services: Sale of rooms, conference halls as well as food & beverages
- Facilities management services provided to the customer: Rendering of services - Management fees and service charge surcharge

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 Group and Company expects to be entitled in exchange for those goods or services. The Group and Company 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 Group and Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group and Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Group and 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 categorise the different revenue stream detailed below.

Sale of goods - Sale of Property Stock
Revenue from Sale of Property Stock is recognised at the point in time when control of the asset is transferred to the customer, generally on transfer of the property. The normal credit term is 30 to 90 days upon transfer.

The Group and 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 property, the Group and Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Significant financing component
Using the practical expedient in IFRS 15, the Group and 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 Group and Company does not adjust any of the transaction prices for the time value of money.

Contract Balances:

Trade Receivables
A receivable represents the Group and 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 Group and Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and 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 Group and Company performs under the contract.

2.22 Leases
The Group and Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group and Company as a lessee
The Group and Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets (ROU)
The Group and Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets. The Group and Company has no right of use asset at the end of the year.

Short-term leases
The Group and Company applies the short-term lease recognition (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases (office rent) are recognised as expense on a straight-line basis over the lease term.

Group and Company as a lessor
Leases in which the Group and Company does not transfer substantially all the risks and rewards incidental to 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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Dividend distribution

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

Notes to the Consolidated and Separate Financial Statements

3. Financial risk management

3.1 Financial risk factors

Specific risk management functions are carried out by the specific business units.

(a) Market risk

(i) Foreign exchange risk

There are no material exposures to recognised assets and liabilities as the Group and Company has no investments in foreign operations.

The Group and Company is not involved in direct importation of finishing materials for its projects and uses third party suppliers and logistics agents, who bear the full foreign exchange risk which are priced into contracts upfront.

The Group and Company's concentration of foreign exchange risk is as follows:

The Group	**2022**		
	USD	**GBP**	**Euro**
	000	000	000
Financial assets			
Cash at bank and in hand	22	-	5
	22	-	5

	2021		
	USD	**GBP**	**Euro**
	000	000	000
Financial assets			
Cash at bank and in hand	21	-	5
	21	**-**	**5**

The Company	**2022**		
	USD	**GBP**	**Euro**
	000	000	000
Financial assets			
Cash at bank and in hand	22	-	5
	22	-	5

	2021		
	USD	**GBP**	**Euro**
	000	000	000
Financial assets			
Cash at bank and in hand	21	-	5
	21	**-**	**5**

	The Group		**The Company**	
	2022	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000
The total impact on profit and equity if Naira were to increase/decrease by 2% across currencies would be as follows	224	230	224	230

In 2022 and 2021, Management considered a 2% shift in foreign currency exchange rate appropriate to determine the sensitivity of foreign currency denominated financial assets and liabilities vis a vis the Naira.

Notes to the Consolidated and Separate Financial Statements

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of equity (other than those arising from interest rate risk or currency risk). The equity instrument are classified as fair value through other comprehensive income and are susceptible to market price risk arising from uncertainties about future values of the investment securities.

			The Group	**The Company**
		Change in price	**Effect on equity** N'000	N'000
UPDC REIT	**2022**	5% (5%)	20,012	(20,012)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk as the Group invest in financial instruments at both fixed and floating rate. The risk is managed by the Group by maintaining its' investment on short term tenored investment, hence the Group has no significant concentration of interest rate risk.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company.

The Group and Company is exposed to credit risk from its operating activities primarily trade receivables and deposits with banks and other financial institutions. The Group and Company have a credit control function that weekly monitors trade receivables and resolves credit related matters.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group and Company’s established policy, procedures and control relating to customer credit risk management. The Group and Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. A sales representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The Group and Company evaluate the concentration of risk with respect to trade receivables as customers consist of large and reputable financial institutions that are subjected to financial scrutiny by various regulatory bodies. The Group and Company’s maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group and Company’s treasury department in accordance with the Group and Company’s policy. Surplus funds are spread amongst reputable commercial banks and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Group and Company’s Chief Financial Officer periodically and may be updated throughout the year subject to approval of the Chief Financial Officer. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty’s failure. The Group and Company’s maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

Impairment losses

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time

Notes to the Consolidated and Separate Financial Statements

value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 20, 21 and 28. The Group and Company do not hold collateral as security.

For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Other receivable impairment if any:
The directors of the Company always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience, the nature of the customer and where relevant, the sector in which they operate. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts.

Set out below is the information about the credit risk exposure on the Group and Company's trade receivables as at 31 December 2022 and 2021 using a provision matrix:

The Group

31 December 2022	**1-3 months** N'000	**4-6 months** N'000	**7-9 months** N'000	**10-12 months** N'000	**Above 12 months** N'000	**Total** N'000
	Trade Receivables Date Past Due					
Expected credit loss rate	30%	43%	43%	62%	100%	
Estimated total gross carrying amount at default	19,188	13,849	70,788	101,420	755,025	960,269
Expected credit loss	**5,817**	**5,917**	**30,318**	**62,917**	**755,025**	**859,994**

31 December 2021	**1-3 months** N'000	**4-6 months** N'000	**7-9 months** N'000	**10-12 months** N'000	**Above 12 months** N'000	**Total** N'000
	Trade Receivables Date Past Due					
Expected credit loss rate	0%	0%	11%		100%	
Estimated total gross carrying amount at default	-	-	51,284	-	738,722	790,006
Expected credit loss	**-**	**-**	**5,542**	**-**	**738,722**	**744,264**

The Company

31 December 2022	**1-3 months** N'000	**4-6 months** N'000	**7-9 months** N'000	**10-12 months** N'000	**Above 12 months** N'000	**Total** N'000
	Trade Receivables Date Past Due					
Expected credit loss rate	38%	41%	59%	74%	100%	
Estimated total gross carrying amount at default	6,719	6,375	37,625	53,219	742,884	846,822
Expected credit loss	**2,521**	**2,617**	**22,318**	**39,217**	**742,884**	**809,557**

31 December 2021	**1-3 months** N'000	**4-6 months** N'000	**7-9 months** N'000	**10-12 months** N'000	**Above 12 months** N'000	**Total** N'000
	Trade Receivables Date Past Due					
Expected credit loss rate			58%		100%	
Estimated total gross carrying amount at default	-	-	9,529	-	736,581	746,110
Expected credit loss	**-**	**-**	**5,542**	**-**	**736,581**	**742,123**

Set out below is the movement in the allowance for expected credit losses of trade receivables:	**The Group** **2022** N'000	**2021** N'000	**The Company** **2022** N'000	**2021** N'000
Balance as at 1 January	744,264	746,824	742,123	746,824
Write off during the year	-	(33,400)	-	(33,400)
Provision for expected credit losses	117,232	30,840	67,434	28,699
Balance at 31 December	**861,496**	**744,264**	**809,557**	**742,123**

Notes to the Consolidated and Separate Financial Statements

Loss rates are calculated using a 'roll rate' method based on the probablity of a receivable progressing through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group and Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss measurement - other financial assets
The Group and Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short-term deposits. The Group and Company recognise 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 Group and Company expect to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in three 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 (i.e. stage 1 - a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition and or credit impaired, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. stage 2 & 3 - a lifetime ECL).

The ECL is determined by projecting the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group and Company consider a financial asset in default when contractual payments are 3 months past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios
An overview of the approach to estimating ECLs is set out in Note 3 Summary of significant accounting policies and in Note 4 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group and Company obtain the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Group and Company's ECL models including determining the weights attributable to the multiple scenarios.

Notes to the Consolidated and Separate Financial Statements

The following tables outline the impact of multiple scenarios on the allowance showing contribution of each scenario to the expected credit loss:

	The Group			The Company		
31 December 2022	Short-term deposit N'000	Intercompany receivables N'000	**Total** N'000	Short-term deposit N'000	Intercompany receivables N'000	**Total** N'000
Upside (10%)	32	318,752	318,784	9	1,723,655	1,723,664
Base (81%)	260	2,581,892	2,582,152	73	13,961,609	13,961,682
Downside (9%)	29	286,877	286,906	8	1,551,290	1,551,298
Total	321	3,187,521	3,187,842	90	17,236,555	17,236,645

	The Group			The Company		
31 December 2021	Short-term deposit N'000	Intercompany receivables N'000	**Total** N'000	Short-term deposit N'000	Intercompany receivables N'000	**Total** N'000
Upside (10%)	3	374,302	374,305	3	1,779,949	1,779,952
Base (81%)	26	2,994,412	2,994,438	26	14,239,593	14,239,619
Downside (9%)	3	374,302	374,305	3	1,779,949	1,779,952
Total	32	3,743,016	3,743,048	32	17,799,491	17,799,523

Short-term deposits

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	The Group				The Company			
	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
Gross carrying amount as at 1 January 2022	834,181	-	-	834,181	664,777	-	-	664,777
New asset purchased	1,755,617	-	-	1,755,617	1,755,617	-	-	1,755,617
Asset derecognised or repaid (excluding write offs)	(834,181)	-	-	(834,181)	(664,777)	-	-	(664,777)
At 31 December 2022	1,755,617	-	-	1,755,617	1,755,617	-	-	1,755,617

	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
ECL allowance as at 1 January 2022	32	-	-	32	32	-	-	32
New asset purchased	321	-	-	321	90	-	-	90
Asset derecognised or repaid (excluding write offs)	(32)	-	-	(32)	(32)	-	-	(32)
At 31 December 2022	321	-	-	321	90	-	-	90

	The Group				The Company			
	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
Gross carrying amount as at 1 January 2021	2,087,814	-	-	2,087,814	2,087,815	-	-	2,087,815
New asset purchased	834,181	-	-	834,181	664,777	-	-	664,777
Asset derecognised or repaid (excluding write offs)	(2,087,814)	-	-	(2,087,814)	(2,087,815)	-	-	(2,087,815)
At 31 December 2021	834,181	-	-	834,181	664,777	-	-	664,777

	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
ECL allowance as at 1 January 2021	2,405	-	-	2,405	2,405	-	-	2,405
New asset purchased	32	-	-	32	32	-	-	32
Asset derecognised or repaid (excluding write offs)	(2,405)	-	-	(2,405)	(2,405)	-	-	(2,405)
At 31 December 2021	32	-	-	32	32	-	-	32

Intercompany receivables

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	The Group				The Company			
	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
Gross carrying amount as at 1 January 2022	5,835,135	-	-	5,835,135	19,923,081	-	-	19,923,081
Changes in receivables	(1,489,881)	-	-	(1,489,881)	(1,197,978)	-	-	(1,197,978)
At 31 December 2022	4,345,254	-	-	4,345,254	18,725,102	-	-	18,725,102

	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
ECL allowance as at 1 January 2022	3,743,016	-	-	3,743,016	17,799,491	-	-	17,799,491
Charge for the year	(555,495)	-	-	(555,495)	(562,936)	-	-	(562,936)
At 31 December 2022	**3,187,521**	**-**	**-**	**3,187,521**	**17,236,555**	**-**	**-**	**17,236,555**
Net Intercompany receivables as at 31 December 2022 - Note 28				**1,157,733**				**1,488,548**

Notes to the Consolidated and Separate Financial Statements

	The Group				The Company			
	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
Gross carrying amount as at 1 January 2021	6,037,667	-	-	6,037,667	20,162,724	-	-	20,162,724
Changes in receivables	(202,532)	-	-	(202,532)	(239,643)	-	-	(239,643)
At 31 December 2021	**5,835,135**	**-**	**-**	**5,835,135**	**19,923,081**	**-**	**-**	**19,923,081**

	Stage 1 N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000	**Stage 1** N'000	**Stage 2** N'000	**Stage 3** N'000	**Total** N'000
ECL allowance as at 1 January 2021	3,389,206	-	-	3,389,206	10,879,330	-	-	10,879,330
(Unused amount reversed)/Charge for the year	353,810	-	-	353,810	6,920,161	-	-	6,920,161
At 31 December 2021	**3,743,016**	**-**	**-**	**3,743,016**	**17,799,491**	**-**	**-**	**17,799,491**
Net Intercompany receivables as at 31 December 2021 - Note 28				**2,092,119**				**2,123,590**

Impairment allowance for financial assets under general approach
In assessing the Group and Company's internal rating process, the Group and Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Group and Company's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the Group and Company's performance.

(c) *Liquidity risk*
The Group and Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Group and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures,and preference shares. The Group and Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. The Group and Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group and Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Liquidity risk arises from mis-match in expected inflows from sales, rentals and other revenue sources and outflows to fund projects, debt service and repayment obligations. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group and Company finance. Group and Company finance monitors rolling forecasts of the Group and Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. The Group and Company also ensures that at all times it does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's/Group and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	The Group				
At 31 December 2022	**Less than 1 year** N'000	**Between 1 and 2 year** N'000	**Over 2 years** N'000	**Contractual amount** N'000	**Carrying value** N'000
Interest bearing loans and borrowings	70,725	-	4,702,096	4,772,821	4,772,821
Trade and other payables	2,213,147	-	-	2,213,147	2,213,147
Non-financial liabilities	3,828,735	-	-	3,828,735	3,828,735
	6,112,607	**-**	**4,702,096**	**10,814,703**	**10,814,703**

	The Group				
At 31 December 2021	**Less than 1 year** N'000	**Between 1 and 2 year** N'000	**Over 2 years** N'000	**Contractual amount** N'000	**Carrying value** N'000
Interest bearing loans and borrowings	526,097	-	7,058,803	7,584,900	5,511,653
Trade and other payables	1,266,607	-	-	1,266,607	1,266,607
Non-financial liabilities	3,217,496	-	-	3,217,496	3,217,496
	5,010,200	**-**	**7,058,803**	**12,069,003**	**9,995,757**

Notes to the Consolidated and Separate Financial Statements

	The Company				
At 31 December 2022	**Less than 1 year** N'000	**Between 1 and 2 year** N'000	**Over 2 years** N'000	**Contractual amount** N'000	**Carrying value** N'000
Interest bearing loans and borrowings	70,725	-	4,702,096	4,772,821	4,772,821
Trade and other payables	2,080,216	-	-	2,080,216	2,080,216
Non-financial liabilities	3,247,379			3,247,379	6,494,758
	5,398,320	**-**	**4,702,096**	**10,100,416**	**13,347,795**

	The Group				
At 31 December 2021	**Less than 1 year** N'000	**Between 1 and 2 year** N'000	**Over 2 years** N'000	**Contractual amount** N'000	**Carrying value** N'000
Interest bearing loans and borrowings	526,097	-	7,058,803	7,584,900	5,511,653
Trade and other payables	1,443,575	-	-	1,443,575	1,443,575
Non-financial liabilities	2,829,491	-	-	2,829,491	5,658,982
	4,799,162	**-**	**7,058,803**	**11,857,966**	**12,614,210**

Trade and other payables is made up of trade payables and amount owed to related parties. Non-financial liabilities excluded from the trade and other payables are contract liabilities, value added tax/withholding tax payables and unclaimed dividends.

3.2 Capital risk management

Capital includes share capital, share premium and other reserves attributable to equity holders.

The Group and Company's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and Company monitor capital on the basis of the gearing ratio. This ratio is calculated as interest bearing debt divided by total equity. Interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings and trade and other payables' as shown in the consolidated statement of financial position). Total equity is calculated as 'equity' as shown in the consolidated and separate statement of financial posistion including non controlling interest.

No formal debt equity target has been established.

	The Group		The Company	
	2022 N'000	**2021** N'000	**2022** N'000	**2021** N'000
Interest bearing debt	4,772,821	5,511,653	4,772,821	5,511,653
Trade and other payables	6,041,882	4,484,103	5,327,595	4,273,066
Total debt	**10,814,704**	**9,995,756**	**10,100,416**	**9,784,719**
Total capital	8,353,200	8,091,620	642,451	930,615
Capital and net debt	**19,167,904**	**18,087,376**	**10,742,867**	**10,715,334**
Gearing ratio	**56%**	**55%**	**94%**	**91%**

Notes to the Consolidated and Separate Financial Statements

3.3 Fair value estimation

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).
The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for the period ended 31 December.

	The Group				The Company			
31 December 2022	**Total** N'000	**Quoted price in active market (Level 1)** N'000	**Significant observable input (Level 2)** N'000	**Significant unobservable input (Level 3)** N'000	**Total** N'000	**Quoted price in active market (Level 1)** N'000	**Significant observable input (Level 2)** N'000	**Significant unobservable input (Level 3)** N'000
Assets measured at fair value								
Equity instrument at fair value through OCI	400,240	400,240	-	-	400,240	400,240	-	-
Trade receivables	98,773	-	-	98,773	37,264	-	-	37,264
Receivables from group companies	1,157,733	-	-	1,157,733	1,488,548	-	-	1,488,548
Cash at bank and in hand	3,161,475	-	-	3,161,475	1,612,742	-	-	1,612,742
Liabilities for which fair values are disclosed:								
Interest-bearing loans and borrowings	4,772,821	-	-	4,772,821	4,772,821	-	-	4,772,821
Trade Payables and other payables	1,124,501	-	-	1,124,501	1,612,742	-	-	1,612,742

Notes to the Consolidated and Separate Financial Statements

	The Group				The Company			
31 December 2021	**Total** N'000	**Quoted price in active market (Level 1)** N'000	**Significant observable input (Level 2)** N'000	**Significant unobservable input (Level 3)** N'000	**Total** N'000	**Quoted price in active market (Level 1)** N'000	**Significant observable input (Level 2)** N'000	**Significant unobservable input (Level 3)** N'000
Assets measured at fair value								
Equity instrument at fair value through OCI	593,690	593,690	-	-	593,690	593,690	-	-
Trade receivables	45,742	-	-	45,742	3,987	-	-	3,987
Receivables from group companies	2,092,119	-	-	2,092,119	2,123,590	-	-	2,123,590
Cash at bank and in hand	1,878,320	-	-	1,878,320	1,329,891	-	-	1,329,891
Liabilities for which fair values are disclosed:								
Interest-bearing loans and borrowings	5,079,540	-	-	5,079,540	5,079,540	-	-	5,079,540
Trade Payables and other payables	726,359	-	-	726,359	911,549	-	-	911,549

There have been no transfers between Level 1 and Level 2 during the year.

Notes to the Consolidated and Separate Financial Statements

3.3 Fair value estimation

The following table represents the Groups' financial assets and liabilities that fair value is disclosed.

	The Group				
	2022		2021		2020
	Carrying Value	Fair Value	Carrying Value	Fair Value	Fair Value
Assets	N'000	N'000	N'000	N'000	N'000
Equity instrument at fair value through OCI	400,240	400,240	593,690	593,690	733,774
Trade receivables	98,773	98,773	45,742	45,742	272,769
Receivables from group companies	1,157,733	1,157,733	2,092,119	2,092,119	2,648,461
Cash at bank and in hand	3,161,475	3,161,475	1,878,320	1,878,320	2,947,335
Liabilities					
Interest bearing loans and borrowings	4,772,821	4,772,821	5,511,653	5,079,540	5,422,500
Trade Payables and other payables	1,124,501	1,124,501	726,359	726,359	1,560,332

	The Company				
	2022		2021		2020
	Carrying Value	Fair Value	Carrying Value	Fair Value	Fair Value
Assets	N'000	N'000	N'000	N'000	N'000
Equity instrument at fair value through OCI	400,240	400,240	593,690	593,690	733,774
Trade receivables	37,264	37,264	3,987	3,987	14,810
Receivables from group companies	1,488,548	1,488,548	2,123,590	2,123,590	9,283,394
Cash at bank and in hand	2,532,109	2,532,109	1,329,891	1,329,891	2,650,272
Liabilities					
Interest bearing loans and borrowings	4,772,821	4,772,821	5,511,653	5,079,540	5,422,500
Trade and other payables	1,612,742	1,612,742	911,549	911,549	1,013,490

Trade receivables is fair valued at net of impairment. Other receivables is made up of receivables to related parties which fairly approximates their stated carrying values. Trade and other payables is made up of trade payables and amount owed to related parties.

The fair values of loans from banks is estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

The Company does not expect to default on its various obligations represented in its liabilities as at year end.

Notes to the Consolidated and Separate Financial Statements

3.4 Financial instruments by category

	The Group	
At amortised cost	**2022**	**2021**
Financial assets	N'000	N'000
Equity instrument at fair value through OCI		
Trade and other receivables	1,256,506	2,137,861
Cash at bank and in hand	3,161,475	1,878,320
Financial liabilities		
Interest bearing Loans and Borrowings	4,772,821	5,511,653
Trade and other payables	1,124,501	726,359

	The Company	
At amortised cost	**2022**	**2021**
Financial assets	N'000	N'000
Equity instrument at fair value through OCI		
Trade and other receivables	1,525,812	2,127,577
Cash at bank and in hand	2,532,109	1,329,891
Financial liabilities		
Interest bearing Loans and Borrowings	4,772,821	5,511,653
Trade and other payables	1,612,742	911,549

Notes to the Consolidated and Separate Financial Statements

4. Significant accounting judgements, estimates and assumptions

4.1 Significant estimates

The preparation of the Group and 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.

4.2 Significant judgements

In the process of applying the Group and 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

a) Revenue from Contracts with Customers

The Group and 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 property and maintenance services

The Group and the Company provides planned preventive maintenance and property life cycle maintenance that are sold separately or bundled together with the sale of property to a customer. The maintenance services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the Company and the customer.

The Group and the Company determined that the property, and the maintenance services are capable of being distinct. The fact that the Group and the Company regularly sells both property, and maintenance on a stand-alone basis indicates that the customer can benefit from each of the products on their own. The Group and the Company also determined that the promises to transfer the property and to provide maintenance are distinct within the context of the contract. The property and the maintenance are not inputs to a combined item in the contract.

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

Determining the timing of satisfaction of sales of property stock

The Group and the Company concluded that revenue for sales of property stock is to be recognised at a point in time; when the customer obtains control of the property. The Group and the Company assess when control is transferred using the indicators below:

- The Group and the Company has a present right to payment for the product;
- The customer has legal title to the product;
- The Group and 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

4.2 Estimates and assumptions

b. Financial Instruments

Provision for expected credit losses of trade receivables

The Group and 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 Group and the Company's historical observed default rates. The Group and 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 real estate 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.

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 Group and 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 Group and the Company's trade receivables is disclosed in Note 9(v) and Note 20.

Impairment losses on intercompany receivables and short term deposits

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 Group and the Company's ECL calculations are outputs of general approach used by considering 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

c) Useful lives for property, plant & equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant and equipment will have an impact on the carrying value. See Note 13 for further details.

d) Impairment of investments in Joint Venture

Investment in Joint Ventures are stated at cost in the books of the Group and Company. However, where there is an objective evidence of impairment of this investment, the investment is written down to the recoverable amount. Evidence of impairment occurs where the Joint Venture incurs a loss and the Group/Company's share of loss exceeds its total investment in the Joint venture. See note 16 (ii). for details of write down in current year.

Notes to the Consolidated and Separate Financial Statements

5. Segment Analysis

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

Nigeria is the Company's primary geographical segment as the operations of the Company are entirely carried out in Nigeria. As at 31 December 2022, UPDC Plc's operations comprised two main business segments which are Property Development, Sales & Management and Hospitality Services.

Property Development, Sales & Management - UPDC Plc's main business is the acquisition, development, sales and management of high quality serviced commercial and residential properties in the Highbrow and Middle Income segments of the real estate market in Nigeria. The Company approaches property planning from the customers' perspective to create comfortable living/working environments. UPDC Facility Management Limited is a subsidiary of UPDC Plc. The Company provides facilities management services to residential and commercial properties in Nigeria.

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

The following measures of performance are reviewed by the Exco:

- Revenue to third parties
- Earnings before interest and tax
- Profit before tax
- Net current assets
- Property, plant and equipment

	The Group			
31 December 2022	**Property Development Sales & Management** N'000	**Hospitality Services** N'000	**Classified as Discontinued Operation/ Held for Sale** N'000	**Total** N'000
Total Revenue	5,657,476	239,481	-	5,896,957
Intergroup revenue	-	-	-	-
Revenue to third parties	5,657,476	239,481	-	5,896,957
Earnings before interest and tax	1,034,484	(326,640)	-	707,844
Profit before tax	657,234	(326,636)	-	330,598
Net current assets	5,056,135	(845,875)	-	4,210,260
Property, plant and equipment	34,407	8,355,753	-	8,390,160

31 December 2021	**Property Development Sales & Management** N'000	**Hospitality Services** N'000	**Classified as Discontinued Operation/ Held for Sale** N'000	**Total** N'000
Total Revenue	825,404	235,844	(235,844)	825,404
Intergroup revenue	-	-	-	-
Revenue to third parties	825,404	235,844	(235,844)	825,404
Loss before interest and tax	(899,215)	(116,286)	116,286	(899,215)
Loss before tax	(1,617,268)	(116,286)	116,286	(1,617,268)
Net current assets	5,997,473	(1,020,592)	1,020,592	5,997,473
Property, plant and equipment	49,928	11,943,485	(11,943,485)	49,928

Notes to the Consolidated and Separate Financial Statements

31 December 2022	The Company Property development sales & management N'000	 Total N'000
Total revenue	3,870,963	3,870,963
Intergroup revenue	-	-
Revenue from third parties	3,870,963	3,870,963
Profit before interest and tax	708,959	708,959
Profit before tax	322,957	322,957
Net current assets	3,132,573	3,132,573
Property, plant and equipment	28,744	28,744

31 December 2021	The Company Property development sales & management N'000	 Total N'000
Total revenue	540,563	540,563
Intergroup revenue	-	-
Revenue from third parties	540,563	540,563
Loss before interest and tax	(7,784,883)	(7,784,883)
Loss before tax	(8,503,661)	(8,503,661)
Net current assets	4,027,560	4,027,560
Property, plant and equipment	31,402	31,402

Entity wide information	**The Group**		**The Company**	
	2022	**2021**	**2022**	**2021**
Analysis of revenue by category:	N'000	N'000	N'000	N'000
UPDC Sale of Property Stock	3,603,350	404,382	3,603,350	404,382
Share of James Pinnock Sale of Property Stock	-	58,140	-	58,140
Rental income	-	12,753	-	12,753
Project/ Asset Management Fee	267,613	65,288	267,613	65,288
UPDC Hotel Ltd. Revenue	239,481	-	-	-
Deep Horizon Inv. Ltd Sale of Property Stock	1,486,990	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	299,524	284,841	-	-
Group	**5,896,957**	**825,404**	**3,870,963**	**540,563**
Analysis of revenue by geographical location:				
Nigeria	5,896,957	825,404	3,870,963	540,563

Notes to the Consolidated and Separate Financial Statements

5 (i) Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group and Company's revenue from contracts with customers:

	For the year ended 31 December 2022			
The Group	**Property Development Sales & Management**	**Hospitality Services**	**Classified as Discontinued Operation/ Held for Sale**	**Total**
Type of goods or service	N'000	N'000	N'000	N'000
Sale of Property Stock	3,603,350	-	-	3,603,350
Share of James Pinnock Sale of Property Stock	-	-	-	-
Project/ Asset Management Fee	267,613	-	-	267,613
UPDC Hotel Ltd. Revenue	-	239,481	-	239,481
Deep Horizon Inv. Ltd Sale of Property Stock	1,486,990	-	-	1,486,990
UPDC Facility Mgt Ltd. Management Surcharge Income	299,524	-	-	299,524
Revenue from contracts with customers	**5,657,476**	**239,481**	**-**	**5,896,957**
Rental income	-	-	-	**-**
Total revenue	**5,657,476**	**239,481**	**-**	**5,896,957**
Geographical markets				
Within Nigeria	5,657,476	239,481	-	5,896,957
Outside Nigeria	-	-	-	-
Total revenue from contracts with customers	**5,657,476**	**239,481**	**-**	**5,896,957**
Rental income	-	-	-	-
Total revenue	**5,657,476**	**239,481**	**-**	**5,896,957**
Timing of revenue recognition				
Goods transferred at a point in time	5,090,340	-	-	5,090,340
Services transferred over time	567,136	239,481	-	806,617
Total revenue from contracts with customers	**5,657,476**	**239,481**	**-**	**5,896,957**
Rental income	-	-	-	-
Total revenue	**5,657,476**	**239,481**	**-**	**5,896,957**

	For the year ended 31 December 2021			
The Group	**Property Development Sales & Management**	**Hospitality Services**	**Classified as Discontinued Operation/ Held for Sale**	**Total**
Type of goods or service	N'000	N'000	N'000	N'000
Sale of Property Stock	404,382	-	-	404,382
Share of James Pinnock Sale of Property Stock	58,140	-	-	58,140
Project/ Asset Management Fee	65,288	-	-	65,288
UPDC Hotel Ltd. Revenue	-	235,844	(235,844)	-
Deep Horizon Inv. Ltd Sale of Property Stock	-	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	284,841	-	-	284,841
Revenue from contracts with customers	**812,651**	**235,844**	**(235,844)**	**812,651**
Rental income	12,753	-	-	**12,753**
Total revenue	**825,404**	**235,844**	**(235,844)**	**825,404**
Geographical markets				
Within Nigeria	812,651	235,844	(235,844)	812,651
Outside Nigeria	-	-	-	-
Total revenue from contracts with customers	**812,651**	**235,844**	**(235,844)**	**812,651**
Rental income	12,753	-	-	12,753
Total revenue	**825,405**	**235,844**	**(235,844)**	**825,404**
Timing of revenue recognition				
Goods transferred at a point in time	462,522	-	-	462,522
Services transferred over time	350,129	235,844	(235,844)	350,129
Total revenue from contracts with customers	**812,651**	**235,844**	**(235,844)**	**812,651**
Rental income	12,753	-	-	12,753
Total revenue	**825,405**	**235,844**	**(235,844)**	**825,404**

The Company	For the year ended 31 December 2022			
Type of goods or service	**Property Development Sales & Management** N'000	**Hospitality Services** N'000	**Classified as Discontinued Operation/ Held for Sale** N'000	**Total** N'000
Sale of Property Stock	3,603,350	-	-	3,603,350
Share of James Pinnock Sale of Property Stock	-	-	-	-
Project/ Asset Management Fee	267,613	-	-	267,613
UPDC Hotel Ltd. Revenue	-	-	-	-
Deep Horizon Inv. Ltd Sale of Property Stock	-	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	-	-	-	-
Revenue from contracts with customers	**3,870,963**	**-**	**-**	**3,870,963**
Rental income	-	-	-	**-**
Total revenue	**3,870,963**	**-**	**-**	**3,870,963**
Geographical markets				
Within Nigeria	3,870,963	-	-	3,870,963
Outside Nigeria	-	-	-	-
Total revenue from contracts with customers	**3,870,963**	**-**	**-**	**3,870,963**
Rental income	-	-	-	-
Total revenue	**3,870,963**	**-**	**-**	**3,870,963**
Timing of revenue recognition				
Goods transferred at a point in time	3,603,350	-	-	3,603,350
Services transferred over time	267,613	-	-	267,613
Total revenue from contracts with customers	**3,870,963**	**-**	**-**	**3,870,963**
Rental income	-	-	-	-
Total revenue	**3,870,963**	**-**	**-**	**3,870,963**

The Company	For the year ended 31 December 2021			
Type of goods or service	**Property Development Sales & Management** N'000	**Hospitality Services** N'000	**Classified as Discontinued Operation/ Held for Sale** N'000	**Total** N'000
Sale of Property Stock	404,382	-	-	404,382
Share of James Pinnock Sale of Property Stock	58,140	-	-	58,140
Project/ Asset Management Fee	65,288	-	-	65,288
UPDC Hotel Ltd. Revenue	-	-	-	-
Deep Horizon Inv. Ltd Sale of Property Stock	-	-	-	-
UPDC Facility Mgt Ltd. Management Surcharge Income	-	-	-	-
Revenue from contracts with customers	**527,810**	**-**	**-**	**527,810**
Rental income	12,753	-	-	**12,753**
Total revenue	**540,563**	**-**	**-**	**540,563**
Geographical markets				
Within Nigeria	527,810	-	-	527,810
Outside Nigeria	-	-	-	-
Total revenue from contracts with customers	**527,810**	**-**	**-**	**527,810**
Rental income	12,753	-	-	12,753
Total revenue	**540,563**	**-**	**-**	**540,563**
Timing of revenue recognition				
Goods transferred at a point in time	462,522	-	-	462,522
Services transferred over time	65,288	-	-	65,288
Total revenue from contracts with customers	**527,810**	**-**	**-**	**527,810**
Rental income	12,753	-	-	12,753
Total revenue	**540,563**	**-**	**-**	**540,563**

Performance obligations
Information about the Company's performance obligations are summarised below:

Sale of property stock
The performance obligation is satisfied upon transfer of the property which is generally due within 30 to 90 days from transfer.

Notes to the Consolidated and Separate Financial Statements

The Company has applied the practical expedient in paragraph 121 of IFRS 15 and did not disclose information about remaining performance obligations that have original expected durations of one year or less.

	The Group		**The Company**	
	2022	**2021**	**2022**	**2021**
Contract balances	N'000	N'000	N'000	N'000
Trade receivables - Note 20	98,773	45,742	37,264	3,987
Contract liabilities - Note 24	2,538,829	2,168,341	2,469,929	1,798,341

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

In 2022, N861million (Company: N810million) was recognised as provision for expected credit losses on trade receivables (2021:N744 million for Group and N742 million for Company).

Contract liabilities include advances received from customers in respect of sale of property stocks and facility management fees.

Disclosure requirements IFRS 15 - Performance Obligations

Quantitative
Information about performance obligations in contracts with customer, including a description of the following:

- When the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of service) including when performance obligations are satisfied in a bill-and-hold arrangement IFRS 15.119(a)
- Significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained) IFRS 15.119(b) IFRS 15.119(c) IFRS 15.119(d)
- The nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (i.e., if the entity is acting as an agent)
- Obligations for returns, refunds and other similar obligations
- Types of warranties and related obligations

Performance obligations - Tabular form

The Company’s typical performance obligations include the following:

Performance Obligation	When Performance Obligation is Typically Satisfied	When Payment is Typically Due	How Standalone Selling Price is Typically Estimated
Sale of property stocks	Control of the asset is transferred to the customer, generally on delivery of the property at a point in time.	Payment is due on delivery date	Observable in contract document
Facilities management services provided to the customer	The services are satisfied over time as customers simultaneously receives and consumes the benefits provided by the Company. The Company recognizes revenue for these service contracts over time .	At the beginning of the contract period	Observable in renewal transactions
Project Development and Business Management	Allocation of the consideration and timing of the amount of revenue recognized in relation to the sales.	Within 90 days of services being performed	Observable in transactions without multiple performance obligations

Notes to the Consolidated and Separate Financial Statements

6. Other income

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000
Investment income*	57,271	50,430	57,271	50,430
Legal, Transfer and title regularisation fees	47,275	23,614	47,275	23,614
Premium fee on rent to own scheme	64,286	-	64,286	-
Project supervision services to Deep Horizon Inv. Ltd.	-	-	179,271	-
Gain on disposal of PPE	-	12,595	-	12,595
Exchange gain	494	-	494	-
Recovery on facility management	86,728	68,761	-	-
Parking space lease	4,434	-	4,434	-
Disposal of scraps	9,302	3,954	9,302	3,954
Net liabilities of Manor Gardens assets and liabilities written off	-	143,394	-	
Others**	28,263	8,014	28,263	8,014
Total other income	**298,053**	**310,762**	**390,596**	**98,608**

* Investment income in 2022 represents dividend received on investment in UPDC REIT as well as the last distribution from the defunct UNICO CPFA Ltd while that of 2021 represents dividend from UPDC REIT alone.
**Others include Statute barred dividend refund, part utilization of WHT credit note from UPDC REIT and administrative fees on revoked sales.

7. Expenses by nature

7.(i) Cost of sales

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000
Change in inventories of finished goods & other direct costs of inventories	3,998,471	475,270	2,869,948	475,270
Write-down of inventories	-	18,783	-	18,783
Property Maintenance expenses	-	30,162	-	30,162
Personnel expenses (Note 7b)	147,623	143,006	45,953	62,799
Directors' emoluments (Note 7b)	16,738	-	16,738	-
Agency Fees	119,677	11,322	91,152	11,322
Others	6,725	6,583	6,725	6,583
	4,289,233	**685,126**	**3,030,515**	**604,918**

7.(ii) Selling and distribution expenses

	The Group 2022	The Group 2021	The Company 2022	The Company 2021
Personnel expenses (Note 7b)	27,250	24,742	27,250	24,742
Marketing, advertising & communication	48,881	21,678	42,285	14,963
	76,131	**46,420**	**69,535**	**39,705**

7.(iii) Administrative expenses

	The Group 2022	The Group 2021	The Company 2022	The Company 2021
Property Maintenance expenses	36,012	92,470	36,012	92,470
Personnel expenses (Note 7b)	275,934	210,854	165,569	152,572
Depreciation of Property, Plant & Equipment	192,586	15,300	9,961	8,971
Amortization of intangible asset (Note 14)	5,586	3,622	3,346	3,038
Unrealised exchange loss	-	56,844	-	56,844
Rent and rates	12,981	10,200	12,981	10,200
Vehicles repairs, maintenance & fueling	9,219	1,243	3,189	891
Other repairs & maintenance	63,842	28	3,138	28
Legal expenses	25,138	33,089	24,831	33,089
Auditors' remuneration*	19,775	24,929	16,125	20,425
Directors' emoluments (Note 7b)	101,489	94,485	101,489	94,485
Information Technology	53,296	42,921	50,246	38,792
Insurance	33,607	14,528	12,395	12,385
Professional fees	131,456	168,700	45,259	168,700
Printing and stationery	4,079	2,885	2,973	2,885
Energy Cost - UPDC Hotel Ltd.	95,101	-	-	-
Listing/ Regulatory fees	13,567	7,365	6,345	7,365
Shortfall compensation	58,950	-	58,950	-
Security, waste disposal & service charge	21,922	-	-	-
Others	121,615	82,639	54,761	70,349
	1,275,615	**862,103**	**607,569**	**773,490**

* Auditors' remuneration relates to audit fees incurred for the provision of only statutory audit services to the Group.

7b. Personnel expenses

Particulars of directors and staff

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
Personnel expenses include:	N'000	N'000	N'000	N'000
Wages and salaries:				
Cost of sales	147,623	143,006	45,953	62,799
Selling and distribution expenses	27,250	24,742	27,250	24,742
Administrative expenses	275,934	210,854	165,569	152,572
	450,807	**378,603**	**238,771**	**240,114**

(i) The group has in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	2022	**2021**	**2022**	**2021**
Key management personnel compensation:	N'000	N'000	N'000	N'000
Short term benefit	151,246	142,725	125,475	128,495
Post employment benefits	7,417	9,555	5,994	8,132
	158,663	**152,280**	**131,468**	**136,627**
Directors' emoluments:				
Fees	6,800	800	6,800	800
Other emoluments	111,427	93,685	111,427	93,685
	118,227	**94,485**	**118,227**	**94,485**
Other staff personnel compensation:				
Short term benefit	279,705	219,081	102,530	102,459
Post employment benefits	12,439	7,205	4,773	1,028
	292,144	**226,286**	**107,303**	**103,487**
Total	**569,034**	**473,051**	**356,998**	**334,599**

The table below shows the number of employees (excluding directors), who earned over =N=60,000 as emoluments in the year and were within the bands stated.

			The Group		The Company	
			2022	**2021**	**2022**	**2021**
N		**N**				
60,000	-	999,999	100	40	9	9
1,000,000	-	1,999,999	44	19	5	4
2,000,000	-	2,999,999	24	15	6	3
3,000,000	-	3,999,999	12	10	4	3
4,000,000	-	4,999,999	9	4	3	2
5,000,000	-	5,999,999	4	6	4	3
6,000,000		and above	17	12	11	9
			210	**106**	**42**	**33**

(ii)	**Emoluments of Directors**				
	Fees	6,800	800	6,800	800
	Other emoluments	111,427	93,685	111,427	93,685
		118,227	**94,485**	**118,227**	**94,485**
(iii)	The Chairman's emolument	1,700	300	1,700	300
(iv)	Emolument of the highest paid director.	71,354	47,177	71,354	47,177

(v) The fees attributable to the Chairman and non-executive directors, who are employees of the parent company (Custidian Investment Plc & UACN Plc) were paid to CIP and UACN Plc.

(viii) The table below shows the number of directors of the company, whose remuneration, excluding pension contributions, fell within the bands shown.

			The Company		The Company	
			2022	**2021**	**2022**	**2021**
			Number	Number	Number	Number
N		**N**				
1,000,001	-	9,000,000	4	4	4	4
9,000,001	-	14,000,000	0	0	0	0
14,000,001		and above	2	3	2	3
			6	**7**	**6**	**7**

8. Net Finance Income/(Cost)

	The Group 2022 N'000	The Group 2021 N'000	The Company 2022 N'000	The Company 2021 N'000
Finance Income	**86,367**	**45,654**	**77,611**	**44,929**
Interest on borrowings	(463,613)	(763,707)	(463,613)	(763,707)
Finance Costs	**(463,613)**	**(763,707)**	**(463,613)**	**(763,707)**
Net Finance Cost	**(377,246)**	**(718,053)**	**(386,002)**	**(718,778)**

Finance income relate to interest on short term deposits.
Finance cost relate to interest on borrowings.

9. Credit loss expense/(reversal)

	The Group 2022	The Group 2021	The Company 2022	The Company 2021
Receivable in UPDC Metro City Ltd.	(113,763)	(4,892)	(113,763)	(4,892)
Impairment of receivable in UPDC Hotels Ltd.	-	-	-	6,566,351
Receivable in Manor Gardens Dev. Co. Ltd.	461	-	461	-
Receivable in First Restoration Dev. Co. Ltd.	(3,927)	3,927	(3,927)	3,927
Receivable in Pinnacle Apartment Development Ltd.	3,379	(5,362)	3,379	(5,362)
Receivable in Calabar Golf Estate Ltd.	(112,648)	368,286	(112,648)	368,286
Receivable in Galaxy Mall Ltd.	-	-	-	-
Receivable in other related parties	707	(8,149)	707	(8,149)
Bad debt written off	-	342,721	-	342,721
Impairments of trade receivables and short term investment	68,699	28,467	67,493	26,325
	(157,092)	**724,999**	**(158,298)**	**7,289,208**

The Group

	2022 Stage 1 Individual N'000	2022 Stage 2 Individual N'000	2022 Stage 3 Individual N'000	2022 Total N'000	2021 Stage 1 Individual N'000	2021 Stage 2 Individual N'000	2021 Stage 3 Individual N'000	2021 Total N'000
Short term deposits	289		-	289	(2,373)		-	(2,373)
Related party receivables	(225,791)		-	(225,791)	353,811		-	353,811
Bad debt written off	-		-	-	-		342,721	342,721
Trade receivables	-		68,410	68,410	-		30,840	30,840
	(225,502)	**-**	**68,410**	**(157,092)**	**351,438**	**-**	**373,561**	**724,999**

The Company

	2022 Stage 1 Individual N'000	2022 Stage 2 Individual	2022 Stage 3 Individual N'000	2022 Total N'000	2021 Stage 1 Individual N'000	2021 Stage 2 Individual	2021 Stage 3 Individual N'000	2021 Total N'000
Short term deposits	58		-	58	(2,373)		-	(2,373)
Related party receivables	(225,791)		-	(225,791)	6,920,161		-	6,920,161
Bad debt written off	-		-	-	-		342,721	342,721
Trade receivables	-		67,435	67,435	-		28,698	28,699
	(225,733)	**-**	**67,435**	**(158,298)**	**6,917,788**	**-**	**371,419**	**7,289,208**

10. Taxation

	The Group 2022 N'000	The Group 2021 N'000	The Company 2022 N'000	The Company 2021 N'000
Current tax				
Minimum tax charge for the year	131,556	3,219	21,401	3,219
Current income tax	4,850	60,432	4,850	-
Capital Gain tax	-	72,498	-	72,498
Total current tax charge	**136,407**	**136,149**	**26,251**	**75,717**
Total deferred tax (note 26)	(6,341)	6,820	-	-
Total deferred tax (note 26)	**(6,341)**	**6,820**	**-**	**-**
Income tax charge	**130,066**	**142,969**	**26,251**	**75,717**

Nigeria corporation tax is calculated at 30% (2021: 30%) of the estimated assessable profit for the year.

The income tax charge for the year can be reconciled to the profit per the consolidated and separate statement of profit or loss as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000
Profit/(loss) before taxation	330,598	(1,617,268)	322,957	(8,503,661)
Tax at the Nigeria corporation tax rate of 30% (2021: 30%)	99,179	(485,180)	96,887	(2,551,098)
Education tax	4,834	-	4,834	-
Capital gains tax	-	72,498	-	72,498
Effect of income that is exempt from taxation	-	-	-	-
Effect of expenses that are not deductible in determining taxable profit	4,651	552,432	(96,871)	2,551,098
Minimum tax adjustments (Excluding PTF)	21,401	3,219	21,401	3,219
Tax for the year	**130,066**	**142,969**	**26,251**	**75,717**
Per statement of financial position				
At 1 January	138,964	119,688	78,532	117,785
Charge for the year	136,407	136,149	26,251	75,717
Payments during the year	(129,013)	(116,873)	(65,143)	(114,970)
Withholding tax utilized	(2,310)	-	(2,310)	-
At 31 December	**144,048**	**138,964**	**37,330**	**78,532**

10 (i) Current tax assets

Unutilised withholding tax credit notes as at January 1	96,908	96,908	96,908	96,908
Additional during the year	30,854	-	30,854	-
Unutilised withholding tax credit notes as at December 31	**127,762**	**96,908**	**127,762**	**96,908**

These relate to WHT credit notes yet to be utilized. The notes will be utilized against future income tax liabilities when filing tax returns to the FIRS.

11. Dividends

No dividend was declared or paid for the year ended 31 December 2022 (2021:Nil)

12. Earnings/(loss) Per Share

(a) Basic
Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000
Loss after tax for the year from discontinued operations	-	(116,286)	-	-
Profit/(loss) attributable to ordinary equity shareholders (NGN'000)	200,532	(1,760,237)	296,706	(8,579,378)
Profit/(loss) for the period	200,532	(1,876,523)	296,706	(8,579,378)
Basic earnings/(loss) per share (Kobo)	**1**	**(10)**	**2**	**(46)**
From discontinued operations	-	(1)	-	-
From continuing operations	1	(9)	2	(46)
Diluted earnings/(loss) per share (Kobo)	**1**	**(10)**	**2**	**(46)**
From discontinued operations	-	(1)	-	-
From continuing operations	1	(9)	2	(46)
	Number ('000)	Number ('000)	Number ('000)	Number ('000)
Basic weighted average and Diluted weighted average number of shares	18,559,970	18,559,970	18,559,970	18,559,970
Absolute number of shares (Note 27)	18,559,970	18,559,970	18,559,970	18,559,970

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

13. Property, plant and equipment

The Group Cost	Land & Building N'000	Motor vehicles N'000	Plant and Machinery N'000	Furniture & Fittings N'000	Computer Equipment N'000	Total N'000
At 1 January 2021	-	92,220	29,773	47,116	63,357	232,466
Addition	-	24,725	-	95	9,914	34,734
Write-off/Scrapped	-	(469)	(5,621)	(368)	-	(6,458)
Disposals	-	(53,964)	(11,416)	-	(1,172)	(66,551)
At 31 December 2021	**-**	**62,512**	**12,737**	**46,843**	**72,099**	**194,190**
At 1 January 2022	-	62,512	12,737	46,843	72,099	194,191
Addition	10,153	-	110,753	17,627	10,918	149,451
Reclassification from Assets held for sale - Note 32	8,118,332	6,623	77,663	32,861	5,521	8,241,000
Disposals	-	(24,456)	-	-	-	(24,456)
At 31 December 2022	**8,128,485**	**44,679**	**201,153**	**97,331**	**88,538**	**8,560,185**
Accumulated depreciation and impairment						
At 1 January 2021	-	70,182	29,774	45,735	55,302	200,992
Charge for the period	-	11,007	-	685	3,608	15,300
Write-off/Scrapped	-	(469)	(5,621)	-	-	(6,090)
Disposals	-	(53,964)	(11,416)	-	(560)	(65,940)
At 31 December 2021	**-**	**26,756**	**12,737**	**46,419**	**58,351**	**144,262**
At 1 January 2022	-	26,756	12,737	46,419	58,351	144,262
Charge for the period	16,489	9,231	5,859	1,322	5,245	38,145
Disposals	-	(12,381)	-	-	-	(12,381)
At 31 December 2022	**16,489**	**23,606**	**18,595**	**47,741**	**63,596**	**170,026**
Net book values						
At 31 December 2022	**8,111,996**	**21,073**	**182,558**	**49,590**	**24,942**	**8,390,160**
At 31 December 2021	**-**	**35,756**	**-**	**424**	**13,748**	**49,928**
At 31 December 2020	**-**	**22,038**	**-**	**1,381**	**8,055**	**31,474**

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2022 (2021: Nil)

The Company Cost	Motor vehicles N'000	Plant and Machinery N'000	Furniture & Fittings N'000	Computer Equipment N'000	Total N'000
At 1 January 2021	62,409	29,773	46,139	60,133	198,454
Additions	24,725	-	95	9,024	33,844
Write-off/Scrapped	-	(5,621)	-	-	(5,621)
Disposals	(53,964)	(11,416)	-	(1,172)	(66,551)
At 31 December 2021	**33,170**	**12,736**	**46,234**	**67,986**	**160,126**
At 1 January 2022	33,170	12,736	46,234	67,986	160,126
Additions	-	-	3,404	3,897	7,302
At 31 December 2022	**33,170**	**12,736**	**49,639**	**71,883**	**167,428**
Accumulated depreciation					
At 1 January 2021	62,155	29,773	45,223	54,162	191,312
Charge for the period	5,504	-	616	2,852	8,971
Write-off/Scrapped	-	(5,621)	-	-	(5,621)
Disposals	(53,964)	(11,416)	-	(560)	(65,940)
At 31 December 2021	**13,696**	**12,736**	**45,839**	**56,454**	**128,723**
At 1 January 2022	13,696	12,736	45,839	56,454	128,722
Charge for the period	5,563	-	508	3,890	9,961
At 31 December 2022	**19,259**	**12,736**	**46,347**	**60,344**	**138,683**
Net book values					
At 31 December 2022	**13,911**	**-**	**3,292**	**11,539**	**28,744**
At 31 December 2021	**19,474**	**-**	**396**	**11,532**	**31,402**
At 31 December 2020	**253**	**-**	**916**	**5,971**	**7,142**

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2022 (2021: Nil)

14. Intangible Assets

	The Group	The Company
	Software	Software
Cost	N'000	N'000
At 1 January 2021	295,597	292,358
Additions	13,412	13,412
At 31 December 2021	**309,009**	**305,770**
At 1 January 2022	309,009	305,770
Additions	33,039	-
Reclassification from Assets held for sale	43,638	-
At 31 December 2022	**385,686**	**305,770**
Amortisation		
At 1 January 2021	288,999	288,417
Amortisation for the period	3,622	3,038
At 31 December 2021	**292,620**	**291,455**
At 1 January 2022	292,620	291,455
Reclassification from Assets held for sale	42,039	-
Amortisation for the period	5,586	3,346
At 31 December 2022	**340,246**	**294,801**
Net book values		
At 31 December 2022	**45,442**	**10,970**
At 31 December 2021	**16,389**	**14,315**
At 31 December 2020	**6,598**	**3,942**

No intangible asset was pledged as security for any liability as at 31 December 2022 (2021: Nil)

15. Investment Properties

	The Group			The Company		
	Freehold Building	Leasehold Building	Total Investment Properties	Freehold Building	Leasehold Building	Total Investment Properties
Fair value	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	80,144	1,706,429	**1,786,573**	80,144	1,706,429	**1,786,573**
Transfer to properties under construction - Inventory	(80,144)	(588,871)	**(669,015)**	(80,144)	(588,871)	**(669,015)**
Disposals	-	(1,117,558)	**(1,117,558)**	-	(1,117,558)	**(1,117,558)**
At 31 December 2021	**-**	**-**	**-**	**-**	**-**	**-**
At 1 January 2022	-	-	**-**	-	-	**-**
Disposals	-	-	**-**	-	-	**-**
At 31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**

Schedule of net gain/ (loss) on disposal	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000
Sales Proceed	-	1,427,433	-	1,427,433
Agency fees/incidental expenses	-	(25,141)	-	(25,141)
Net Sales Proceed	-	1,402,292	-	1,402,292
Carrying value of investment properties	-	(1,117,558)	-	(1,117,558)
	-	**284,734**	**-**	**284,734**

In 2021, properties valued at N1.1billion were disposed for a net sales proceed of N1.4billion. The amount recognised as rental income from the Group and the Company was N12.8million. Direct operating expense arising from investment properties and other vacant apartments from the Group and Company was N122.6million. There were no Investment Properties in 2022 as they were fully classified to Inventory in 2021.

16. Investments in equity accounted joint ventures

The amounts recognised in the statement of financial position are as follows:

	The Group			The Company		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000

Notes to the Consolidated and Separate Financial Statements

Joint ventures	**125,647**	**128,926**	**130,393**	**124,843**	**128,122**	**129,589**

16 (ii). Investments in joint ventures	**The Group**			**The Company**				
		Restated			**Restated**			
	2022	**2021**	**2020**	**2022**	**2021**	**2020**	**2022**	**2021**
Investment in Joint Ventures	N'000	N'000	N'000	N'000	N'000	N'000	% holding	% holding
First Restoration Dev. Co. Limited	125,647	128,926	130,393	124,843	128,122	129,589	51.0%	51.0%
	125,647	**128,926**	**130,393**	**124,843**	**128,122**	**129,589**		

All other investment in joint ventures have been written down to NIL because of the losses recorded over the years.

The movement in the investment in joint ventures during the year is stated below:

	The Group			**The Company**		
		Restated			**Restated**	
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	128,926	130,393	129,589	128,122	129,589	129,589
Share of loss from joint venture (2021 -restated see note 31)	(3,279)	(1,467)	804	(3,279)	(1,467)	-
	125,647	**128,926**	**130,393**	**124,843**	**128,122**	**129,589**

Nature of investment in Joint ventures:

Name	**Project**	**Country of incorporation**	**Nature of relationship**	**Measurement method**	**% Interest held**
First Festival Mall Ltd.	Festival Mall	Nigeria	Joint venture	Equity	45%
First Restoration Dev. Coy Ltd.	Olive Court	Nigeria	Joint venture	Equity	51%
Pinnacle Apartment Dev. Ltd.	Pinnacle Apartments	Nigeria	Joint venture	Equity	51%
Calabar Golf Estate Ltd.	Golf Estate	Nigeria	Joint venture	Equity	51%
UPDC Metro City Ltd.	Metrocity	Nigeria	Joint venture	Equity	60%
Transit Village*	Transit Village	Nigeria	Joint venture	Equity	40%

All joint ventures are primarily set up for projects as stated above. The investments in Joint Venture were measured using equity accounted method in the separate financial statements.
* Transit Village JV was not operational as at year end. The company's investment represents the seed capital contributed towards acquiring the land for the project.

Set out below are the summarised financial information for the associate and joint ventures accounted for using the equity method.

Name	**Non Current Asset**	**Current Asset**	**Non-Current Liabilities**	**Current Liabilities**	**Cash & Cash Equivalent**	**Net Asset**	**Carrying value**
31 December 2022	N'000	N'000	N'000	N'000	N'000	N'000	N'000
First Festival Mall Ltd.	-	-	-	-	-	-	-
First Restoration Dev. Coy Ltd.	-	371,787	-	117,714	25,964	280,037	125,647
Pinnacle Apartment Dev. Ltd.	-	-	-	-	-	-	-
Calabar Golf Estate Ltd.	-	-	-	-	-	-	-
UPDC Metro City Ltd.	-	-	-	-	-	-	-
Transit Village*	-	-	-	-	-	-	-

Name	**Revenue**	**Depreciation**	**Interest Income**	**Interest Expense**	**Tax Expense**	**Profit/ (Loss)**
31 December 2022	N'000	N'000	N'000	N'000	N'000	N'000
First Festival Mall Ltd.	-	-	-	-	-	-
First Restoration Dev. Coy Ltd.	198,252	-	-	-	-	(6,430)
Pinnacle Apartment Dev. Ltd.	-	-	-	-	-	-
Calabar Golf Estate Ltd.	-	-	-	-	-	-
UPDC Metro City Ltd.	-	-	-	-	-	-
Transit Village	-	-	-	-	-	-

Name	**Non Current Asset**	**Current Asset**	**Non-Current Liabilities**	**Current Liabilities**	**Cash & Cash Equivalent**	**Net Asset**	**Carrying value**
31 December 2021	N'000	N'000	N'000	N'000	N'000	N'000	N'000
First Festival Mall Ltd.	-	-	-	-	-	-	-
First Restoration Dev. Coy Ltd.	-	528,895	-	185,706	25,964	369,153	128,926
Pinnacle Apartment Dev. Ltd.	-	(244,691)	-	489,024	11,594	(391,058)	-
Calabar Golf Estate Ltd.	-	1,096,082	-	1,516,762	-	(420,680)	-

UPDC Metro City Ltd.	-	1,963,555	-	5,621,884	535	(3,657,793)	-
Transit Village	-	-	-	-	-	-	-

Name	Revenue	Depreciation	Interest Income	Interest Expense	Tax Expense	Profit
31 December 2021	N'000	N'000	N'000	N'000	N'000	N'000
First Festival Mall Ltd.	-	-	-	-	-	-
First Restoration Dev. Coy Ltd.	161,704	-	-	-	-	(2,876)
Pinnacle Apartment Dev. Ltd.	361,813	-	-	-	-	(163,116)
Calabar Golf Estate Ltd.	-	-	-	-	-	(335)
UPDC Metro City Ltd.	140,722	-	-	-	-	(37,265)
Transit Village	-	-	-	-	-	-

17. Equity instrument at fair value through other comprehensive income

As at 31 December 2022, UPDC held 133,413,475 units, representing 5% of the total issued REIT units. This is in compliance with Section 532(z) of the SEC Rules and Regulations (as amended) that requires promoters of real estate investment schemes to subscribe to a minimum of 5% of the registered units of the scheme at inception and hold such units throughout the life of the real estate investment scheme. The fair value changes is as a result of the difference in share price from prior year of N4.45 to N3.00 per unit in current year.

	The Group			The Company		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January	593,690	733,774	-	593,690	733,774	-
Reclassification of Investment in UPDC REIT	-	-	567,007	-	-	567,007
Fair value changes	(193,450)	(140,084)	166,767	(193,450)	(140,084)	166,767
As at 31 December	**400,240**	**593,690**	**733,774**	**400,240**	**593,690**	**733,774**

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000
Opening balance of Investment	593,690	733,774	593,690	733,774
Fair valuation at reporting date	(400,240)	(593,690)	(400,240)	(593,690)
Fair value loss	**193,450**	**140,084**	**193,450**	**140,084**

18. Investments in subsidiaries

	The Company			% Shareholding		
Principal investments	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	%	%	%
UPDC Hotels Ltd.						
2,082,500,000 Shares of ₦1.00 each	2,082,500	2,082,500	2,082,500	94%	94%	94%
Manor Gardens Dev. Company Ltd.						
53,810,000 Ordinary Shares of ₦1.00 each	53,810	53,810	53,810	67.5%	67.5%	67.5%
*UPDC Facility Management Ltd.**						
5,000,000 Ordinary Shares of ₦1.00 each	108,019	108,019	108,019	50%	50%	50%
Deep Horizon Investment Ltd.						
1,000,000 Ordinary Shares of ₦1.00 each	1,611,697	1,611,697	-	100%	100%	
	3,856,026	**3,856,026**	**2,244,329**			
Impairment of investments	(2,136,310)	(2,136,310)	(2,136,310)			
	1,719,716	**1,719,716**	**108,019**			

Investments in subsidiaries are measured at cost. Investment in UPDC Hotels Ltd. previously classified as a discontinued operation has now been classified as continuing operation.

UPDC acquired Deep Horizon Investment Ltd. In 2021 for N1.6bn, there was no gain on bargain purchase or goodwill on acquisition.

*UPDC's representative's chair on the board of UPDC Facility Management Ltd. as well as control its' day to day activities.

18. (i) Summarized financial information of the subsidiaries

The summarized financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of financial position	**UPDC Facility Management Ltd.**		**UPDC Hotel Ltd.**		**Deep Horizon Inv. Ltd.**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	N'000	N'000	N'000	N'000	N'000	N'000
Current assets	622,400	478,508	284,671	169,110	2,180,550	1,978,056
Non-current assets	7,087	20,597	8,388,332	10,907,551	-	-
Current liabilities	(129,653)	(120,891)	(16,043,050)	(15,584,443)	(469,056)	(374,889)
Non-current liabilities	(479)	-	(250,000)	(250,000)	-	-
Total Equity	499,355	378,215	(7,620,047)	(4,757,782)	1,712,494	1,603,167
Attributable to:						
Equity holders of parent	249,677	189,107	(7,160,890)	(4,471,095)	1,712,494	1,603,167
Non-controlling interest	249,677	189,107	(459,157)	(286,687)	-	-
	499,355	**378,215**	**(7,620,047)**	**(4,757,782)**	**1,712,494**	**1,603,167**
Statement of profit or loss and other comprehensive income						
Revenue	299,524	284,841	239,481	235,844	1,486,990	-
Expenses	(210,922)	(169,774)	(3,077,519)	(719,083)	(1,335,818)	(5,600)
Finance cost	-	-	(25,000)	(25,000)	-	-
Other income	86,728	68,761	5	119,147	8,756	725
Profit before tax	175,329	183,828	(2,863,033)	(389,092)	159,928	(4,876)
Income tax expense	(53,214)	(67,252)	-	(887)	(50,601)	-
Profit for the year	122,115	116,576	(2,863,033)	(389,979)	109,327	(4,876)
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive income	**122,115**	**116,576**	**(2,863,033)**	**(389,979)**	**109,327**	**(4,876)**
Attributable to:						
Equity holders of parent	61,057	58,288	(2,690,517)	(366,480)	109,327	(4,876)
Non-controlling interest	61,057	58,288	(172,516)	(23,499)	-	-
	122,115	**116,576**	**(2,863,033)**	**(389,979)**	**109,327**	**(4,876)**

Information about the credit exposures and impairment are disclosed in Note 3.

*Other debtors comprise mainly of service charge expenses incurred on empty plot of land at Pinnock Beach. These are reimbursable by individual customers upon commencement of development work on their respective plots.

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Group has engaged a third-party supplier to provide relevant economic data for determining the factors that are specific to the debtors, the general economic conditions of the industry in which the debtors operate and the forecast direction of conditions at the reporting date. The Group has significantly increased the expected loss rates for trade receivables from the prior year based on its judgement of the impact of current economic conditions and the forecast direction of travel at the reporting date. There has been no change in the estimation techniques during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

19. Inventories

	The Group			The Company		
	2022	2021	2020	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000	N'000
Non trade stock	120,595	-	162	-	-	162
Properties under construction - Note 19 (i)	5,145,164	6,084,508	4,270,744	3,927,221	4,468,168	4,270,744
Balance	**5,265,760**	**6,084,508**	**4,270,906**	**3,927,221**	**4,468,168**	**4,270,906**

All Inventory above are carried at lower of cost or net realisable value at all the periods reported.

19(i) Properties under construction

	The Group			The Company		
	2022	2021	2020	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January	6,084,508	4,270,744	5,715,859	4,468,168	4,270,744	5,715,859
Additions	2,380,740	1,638,802	8,454	2,000,000	22,462	8,454
Transfer from Calabar Golf Estate Ltd.	310,452	-	-	310,452	-	-
Transfer from investment properties	-	669,015	-	-	669,015	-
Disposal	(3,951,285)	(475,270)	(1,055,866)	(2,851,400)	(475,270)	(1,055,866)
Write-down of inventories	-	(18,783)	(397,703)	-	(18,783)	(397,703)
Deferred Commissioning cost*	320,749	-	-	-	-	-
	5,145,164	**6,084,508**	**4,270,744**	**3,927,221**	**4,468,168**	**4,270,744**

*Deferred commissioning cost relates to the cost required to make a sale in the manner contracted with the customer. These costs include infrastructure, surveys, beacon installations, design consultants' fees and statutory fees. They have been reliably estimated and will be progressively re-evaluated /revalued to reflect economic realities.

20. Trade and other receivables

	The Group			The Company		
	2022	2021	2020	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables	960,269	790,006	1,019,593	846,821	746,110	761,634
Less: Impairment of trade receivables (Note 3.1b)	(861,496)	(744,264)	(746,824)	(809,557)	(742,123)	(746,824)
Net trade receivables	**98,773**	**45,742**	**272,769**	**37,264**	**3,987**	**14,810**
Receivables from group companies (Note 28)	1,157,733	2,092,119	2,648,461	1,488,546	2,123,590	9,283,394
Other receivables (Note 20 (i))	654,533	515,733	1,208,033	453,474	449,454	1,182,977
Advances to staff	879	5,820	18,762	1,847	5,770	18,714
	1,911,918	**2,659,414**	**4,148,026**	**1,981,131**	**2,582,801**	**10,499,895**

20 (i) Analysis of other receivables

Mobilization payments to contractors	87,588	26,902	740,788	26,767	26,902	740,788
Prepayments and accrued income	29,729	33,159	16,684	24,105	21,458	15,943
Withholding tax receivables	5,443	24,591	20,756	5,443	24,491	20,752
VAT Receivables	-	-	227	-	-	227
Other Debtors*	531,773	431,080	429,578	397,159	376,603	405,267
	654,533	**515,733**	**1,208,033**	**453,474**	**449,454**	**1,182,977**

Information about the credit exposures and impairment are disclosed in Note 3.

21. Cash and cash equivalents

	The Group			The Company		
	2022	2021	2020	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000	N'000
Cash at bank and in hand	1,406,179	1,044,171	861,926	776,582	665,146	564,862
Short term investment - Note 21 (i)	1,755,617	834,181	2,087,814	1,755,617	664,777	2,087,815
Less: Impairment of Short term investments	(321)	(32)	(2,405)	(90)	(32)	(2,405)
Cash and cash equivalents	**3,161,475**	**1,878,320**	**2,947,335**	**2,532,109**	**1,329,891**	**2,650,272**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

21 (i) Short term investment as at 31 December 2022

Bank	Tenor	Maturity Date	The Group N'000	The Company N'000
First City Monument Bank	30	1/18/2023	87,689	87,689
First City Monument Bank	30	1/21/2023	1,266	1,266
First City Monument Bank	30	1/22/2023	14,643	14,643
First City Monument Bank	90	2/27/2023	466,780	466,780
First City Monument Bank	30	1/12/2023	26,549	26,549
First City Monument Bank	90	3/14/2023	103,681	103,681
First City Monument Bank	90	1/19/2023	427,386	427,386
First City Monument Bank	90	2/1/2023	307,989	307,989
First City Monument Bank	90	1/22/2023	268,742	268,742

Stanbic IBTC Bank	On Demand	N/A	50,892	50,892
			1,755,617	**1,755,617**

22. Borrowings

	The Group			The Company		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
Current borrowings - Accrued Interest						
UACN Plc Loan	32,292	-	1,143,421	32,292	-	1,143,421
Custodian Investment Plc Loan	38,433	-	-	38,433	-	-
5-year bond	-	-	8,199	-	-	8,199
	70,725	**-**	**1,151,620**	**70,725**	**-**	**1,151,620**
Non-current borrowings - Principal						
UACN Plc Loan	2,146,881	2,516,509	-	2,146,881	2,516,509	-
Custodian Investment Plc Loan	2,555,215	2,995,144	-	2,555,215	2,995,144	-
5-year bond	-	-	4,270,880	-	-	4,270,880
	4,702,096	**5,511,653**	**4,270,880**	**4,702,096**	**5,511,653**	**4,270,880**
Total borrowings	**4,772,821**	**5,511,653**	**5,422,500**	**4,772,821**	**5,511,653**	**5,422,500**

Movement in total borrowing during the year is as follows:

			The Group			The Company
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January	5,511,653	5,422,500	20,807,171	5,511,653	5,422,500	20,807,171
Proceeds from borrowings	-	5,903,073	-	-	5,903,073	-
Initial measurement of proceeds	391,420	(391,420)	-	391,420	(391,420)	-
Interest accrued	463,613	763,707	1,512,946	463,613	763,707	1,512,946
Repayment of borrowings*	(1,143,421)	(5,422,500)	-	(1,143,421)	(5,422,500)	-
Interest paid	(450,445)	(675,522)	(1,146,076)	(450,445)	(675,522)	(1,146,076)
Interest unpaid reclassified to payables	-	(88,185)	-	-	(88,185)	-
Repayment via rights issue	-	-	(15,751,541)	-	-	(15,751,541)
Balance	**4,772,821**	**5,511,653**	**5,422,500**	**4,772,821**	**5,511,653**	**5,422,500**

*In December 2022, UPDC Plc repaid ₦1.143million, being the bridge portion of the Shareholders' loan to CIP & UACN Plc as well as the accrued interest as at the date of principal repayment.

23. Trade and other payables

	The Group			The Company		
		Restated	Restated		Restated	Restated
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	912,712	515,898	1,368,393	541,463	517,378	821,551
Contract liabilities (Note 24)	2,538,829	2,168,341	1,818,650	2,469,929	1,798,341	1,818,650
Amounts owed to other related parties (Note 28)	211,789	210,460	191,939	1,071,278	394,171	191,939
	3,663,330	**2,894,699**	**3,378,982**	**4,082,670**	**2,709,890**	**2,832,140**
Value Added Tax/ Withholding Tax Payables	114,508	14,840	135,530	27,308	6,931	124,676
Other payables	360,641	510,908	523,872	265,135	500,811	485,150
Assets Replacement Deposits	241,597	270,997	-	232,597	270,997	-
Unclaimed dividend (Note 24 (i))	252,411	252,411	253,680	252,411	252,411	253,680
Deferred Commissioning cost	320,749	-	-	-	-	-
Accruals (2020/2021 Restated)** see note 31	1,088,646	540,249	1,610,463	467,475	532,026	1,610,463
Total	**6,041,882**	**4,484,103**	**5,902,527**	**5,327,596**	**4,273,066**	**5,306,109**

*Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The directors consider the carrying amount of trade and other payables to approximate its fair value due to their short term maturity period and no significant discounts is expected on payments of the obligations.

*Other payables includes development levy deposits, and other payroll related statutory payment due.

**Accruals is made up of legal fee, audit fee, amongst others. 2020 and 2021 balances were restated due to provision of N77.6m relating to agency fee on prior year sales written back to the retained earnings of 2020.

24. Contract liabilities

	The Group			The Company		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
Deposit by customers	**2,538,829**	**2,168,341**	**1,818,650**	**2,469,929**	**1,798,341**	**1,818,650**

This represents advances received from customers in respect of sale of property stocks and facility management fees. This is a non-interest bearing liability.

24 (i) Unclaimed dividend

	The Group			The Company		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January	252,411	253,680	339,920	252,411	253,680	339,920
Unclaimed dividend fund paid	-	(1,269)	(14,371)	-	(1,269)	(14,371)

Statute barred dividend*	-	-	(71,869)	-	-	(71,869)
	252,411	**252,411**	**253,680**	**252,411**	**252,411**	**253,680**

25. Deferred revenue

Deferred revenue are rentals received in advance which are recognized in the statement of profit or loss when earned. It is a non-interest bearing liability. These rentals were received in prior periods.

Movement in the deferred revenue is as follows:	**The Group**			**The Company**		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance	98,610	109,433	115,503	98,610	109,433	115,503
Deferred during the year	-	1,930	35,774	-	1,930	35,774
Recognised as revenue during the year	-	(12,753)	(41,844)	-	(12,753)	(41,844)
Reclassified to other payables*	(98,610)	-	-	(98,610)	-	-
Balance carried forward	**-**	**98,610**	**109,433**	**-**	**98,610**	**109,433**
Current	-	98,610	107,288	-	98,610	107,288
Non-current	-	-	2,145	-	-	2,145
	-	**98,610**	**109,433**	**-**	**98,610**	**109,433**

*Deferred rental income no longer accrues to the Company but a financial liability, hence now reclassified as other liability in the book. This is as a result of the reclassification of investment properties to inventory in prior year.

26. Deferred taxation

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group			**The Company**		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
Deferred tax liabilities:	N'000	N'000	N'000	N'000	N'000	N'000
– Deferred tax liability to be recovered after more than 12 months	73,016	79,357	72,537	72,537	72,537	72,537
– Deferred tax liability to be recovered within 12 months	-	-	-	-	-	-
Deferred tax liabilities	**73,016**	**79,357**	**72,537**	**72,537**	**72,537**	**72,537**

The gross movement on the deferred income tax account is as follows:

	The Group			**The Company**		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	79,357	72,537	72,537	72,537	72,537	72,537
Recognised in Profit or Loss	(6,341)	6,820	-	-	-	-
At 31 December	**73,016**	**79,357**	**72,537**	**72,537**	**72,537**	**72,537**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

The Group

	Property, plant and equipment	**Investment property**	**Provisions**	**Tax losses**	**Capital gains to be reinvested**	**Exchange difference**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	72,537
Charged/(credited) to profit or loss	6,820	-	-	-	-	-	6,820
At 31 December 2021	(62,620)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	79,357
Charged/(credited) to profit or loss	(6,341)	-	-	-	-	-	(6,341)
At 31 December 2022	**(68,961)**	**1,273,022**	**(96,895)**	**(1,151,609)**	**116,291**	**1,168**	**73,016**

The Company

	Property, plant and equipment	**Investment property**	**Provisions**	**Tax losses**	**Capital gains to be reinvested**	**Exchange difference**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-	-
At 31 December 2021	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-	-
At 31 December 2022	**(69,440)**	**1,273,022**	**(96,895)**	**(1,151,609)**	**116,291**	**1,168**	**72,537**

The Group/ The Company

*The deferred tax asset computation for the year amounted to ₦5.1 billion (2021: ₦7.5 billion), the management has however assessed and concluded that it is not probable that sufficient taxable profits will be available to offset this, hence the decision not to recognise the asset. At the reporting date, the Group has ₦17.2 billion unrelieved tax losses (2021:₦17.3 billion) available for offset against future profits.

27. Share capital

Group and Company

	2022		2021		2020	
	Units '000	**Amount** N'000	**Units** '000	**Amount** N'000	**Units** '000	**Amount** N'000
Authorised:						
Ordinary shares of 50k each	18,559,970	9,279,985	18,600,000	9,300,000	18,600,000	9,300,000
Issued and fully paid:						
Ordinary shares of 50k each	18,559,970	9,279,985	18,559,970	9,279,985	18,559,969	9,279,985
Authorised shares						
At 1 January	18,600,000	9,300,000	18,600,000	9,300,000	3,500,000	1,750,000
Right issue	-	-	-	-	15,100,000	7,550,000
Share Cancellation	(40,030)	(20,015)	-	-	-	-
At 31 December	18,559,970	9,279,985	18,600,000	9,300,000	18,600,000	9,300,000

There was a cancellation of 40,030,000 unissued ordinary shares during the year, following the approval of the Shareholders at the 2022 Annual General Meeting of the company on the 22nd of May 2022.

27 (i) Share Premium

Share Premium is the premium on actual price of share issue above the par value of 50 kobo and it is used to take care of bonus issues.

Section 145 of Companies and Allied Matters Act, 2020 requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

27 (ii) Retained earnings

Retained earnings represent net accumulated result over the years.

Notes to the Consolidated and Separate Financial Statements

28. Related party transactions

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

The following transactions were carried out with related parties:

(a) *Sales of goods and services*

	Relationship	Nature of transaction	The Group 2022 N'000	The Group 2021 N'000	The Group 2020 N'000	The Company 2022 N'000	The Company 2021 N'000	The Company 2020 N'000
UAC of Nigeria Plc	Associate	Asset/ Property and Development Management services	6,490	17,898	36,057	6,490	17,898	33,387
Custodian Life Assurance Limited	Fellow Subsidiary		15,000	-	-	15,000	-	-
MDS Logistics Ltd.					275			275
Chemical & Allied Products Plc	Sister Company		-	-	10,978	-	-	10,978
UPDC Metrocity Ltd	Joint Venture		-	-	1,323	-	-	1,066
Pinnacle Apartment Dev. Ltd			-	-	626	-	-	528
Deep Horizon Investment Ltd.	Subsidiary		179,271	-	-	179,271	-	-
UPDC REIT	Equity investment		85,856	35,142	46,342	85,856	35,142	46,106

(b) *Purchases of goods and services*

	Relationship	Nature of transaction	The Group 2022 N'000	The Group 2021 N'000	The Group 2020 N'000	The Company 2022 N'000	The Company 2021 N'000	The Company 2020 N'000
UAC of Nigeria Plc.	Associate	Rent of office space from UAC and purchase of products	12,981	8,810	25,486	12,981	8,810	25,486
UPDC Hotels Limited			-	-	-	-	-	704
CAP Plc	Sister Company		469	-	1,466	469	-	1,466

Period-end balances arising from sales/purchases of goods/services

Receivable:

	The Group 2022	The Group 2021	The Group 2020	The Company 2022	The Company 2021	The Company 2020
Receivables balance	4,345,254	5,835,135	6,037,667	18,725,102	19,923,081	20,162,724
Provision for expected credit losses	(3,187,521)	(3,743,016)	(3,389,206)	(17,236,555)	(17,799,491)	(10,879,330)
Balance as at 31 December	**1,157,733**	**2,092,119**	**2,648,461**	**1,488,546**	**2,123,590**	**9,283,394**

Notes to the Consolidated and Separate Financial Statements

Period-end balances arising from sales/purchases of goods/services

		The Group			The Company		
		2022	**2021**	**2020**	**2022**	**2021**	**2020**
Receivable:	**Relationship**	N'000	N'000	N'000	N'000	N'000	N'000
UPDC Metrocity Limited	Joint Venture	1,019,242	1,860,956	2,025,467	1,019,242	1,860,956	2,025,467
UPDC Hotel Ltd.	Subsidiary	-	-	-	14,330,230	14,045,538	14,045,568
First Festival Mall Limited	Joint Venture	2,614,513	2,614,513	2,614,513	2,614,513	2,614,513	2,614,513
First Restoration Dev. Co. Limited	Joint Venture	-	29,054	-	-	29,054	-
Calabar Golf Estate Limited	Joint Venture	-	647,598	643,856	-	647,598	643,856
Pinnacle Apartment Dev. Ltd/ Imani and Sons	JV Partner	320,222	300,346	363,015	320,222	300,346	363,015
Galaxy Mall Current Account	Joint Venture	74,034	74,034	74,034	74,034	74,034	74,034
Manor Gardens	Subsidiary	317,244	308,634	316,782	317,244	316,782	316,782
UPDC Facility Management Ltd.	Subsidiary	-	-	-	49,618	34,260	79,489
		4,345,254	5,835,135	6,037,667	18,725,102	19,923,081	20,162,724
Impairment of Intercompany receivables		(3,187,521)	(3,743,016)	(3,389,206)	(17,236,555)	(17,799,491)	(10,879,330)
		1,157,733	**2,092,119**	**2,648,461**	**1,488,548**	**2,123,590**	**9,283,394**

Payable:	**Relationship**	The Group 2022	The Group 2021	The Group 2020	The Company 2022	The Company 2021	The Company 2020
UAC of Nigeria Plc.	Associate	7,002	41,125	5,913	7,002	41,125	5,913
Custodian Investment Plc.	Parent	-	47,922	-	-	47,922	-
UPDC REIT	Equity investment	75,416	46,858	65,774	75,416	46,858	65,774
MDS Logistics Ltd.	Sister Company	1,787	1,787	1,790	1,787	1,787	1,790
James Pinnock	Joint Operation	-	72,741	117,562	-	72,741	117,562
First Restoration Dev. Co. Limited	Joint Venture	127,583	-	885	127,583	-	885
UAC Foods Limited	Sister Company	-	28	-	-	28	-
Warm Spring Waters Nig. Ltd.	Fellow Subsidiary	-	-	15	-	-	15
Deep Horizon Investment Ltd.	Subsidiary	-	-	-	859,489	183,710	-
		211,789	**210,460**	**191,939**	**1,071,278**	**394,171**	**191,939**

All trading balances will be settled in cash.

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

29. Contingent liabilities

As at 31 December 2022, the Group in its ordinary course of business is presently involved in 32 cases as a defendant and 13 cases as a plaintiff. The total amount claimed in the 32 cases against the Group is estimated at N18.7billlion, while the total amount claimed in the 13 cases instituted by the Group is N100.5million. The Directors are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Group and are not aware of any other pending and or threatened claims or litigation which may be material to the financial statements.

30. Events after reporting period

There were no events after the reporting date which could have a material effect on the financial position of the Company as at 31 December 2022 or the financial performance for the year then ended that have not been adequately provided for or disclosed.

30.1 Going Concern Consideration

The subsidiary of the Group, UPDC Hotel Limited recorded accumulated losses of N6.7billion over the last five years. Added to this, the subsidiary recorded a net loss of N2.9 billion during the year ended 31 December 2022 and, as of that date, UPDC Hotel's current liabilities exceeded its total assets by N7.7billion. These indicate the existence of a material uncertainty, which may cast significant doubt on the ability of the subsidiary of the Company to continue as a going concern. However, the directors have commenced the execution of plans to address the going concern situation that will enable the company to exist in the foreseeable future.

31. Restatements

Restatement of comparatives

UPDC Plc had in its books excess provisions to the tune of N77.6million made for agency fees between 2017-2020. These provisions were made to settle agents involved in the sale of properties by the company. However, upon completion of sales of these properties, the provisions which ought to have been written back in the years were not written back. In line with IAS 8 - Accounting Policies, Changes in Accounting Estimates and errors, the excess provision was considered as a prior year error and as such, a restatement of prior years' figures in the UPDC Plc financial statements. The correction of the error was done by restating the opening balance of retained earnings, loss for the year and provisions of the year 2020 being the earliest prior period presented.

Also, the Company has investments in joint ventures which ought to have been accounted for using equity method in line with the Company's accounting policy and IAS 28 — Investments in Associates and Joint Ventures. However, the Company did not recognise the share of loss from its existing joint venture in 2021. This resulted in restating the 2021 financial with the share of loss from the existing joint venture i.e.

Impact on the consolidated financial statements

The quantitative effects of the restatements on the group's and the company's financial statements for the year ended 31 December 2020 are as follow:

As reported in the statement of financial position:

	The Group		The Company	
retained earnings	**2021**	**2020**	**2021**	**2020**
	N'000	N'000	N'000	N'000
Opening balance of retained earnings (as previously stated)	(10,654,133)	(5,014,475)	(17,815,137)	(5,082,059)
Write back of the excess provisions (2017 - 2019)	77,580	76,955	77,580	76,955
Share of loss from joint venture in 2021	(1,467)	-	(1,467)	-
retained earnings (as restated)	(10,578,020)	(4,937,520)	(17,739,024)	(5,005,104)

Loss for the year	**2021**	**2020**	**2021**	**2020**
Loss for the year (as previously stated)	(1,926,111)	(617,693)	(8,577,911)	(1,059,312)
Write back of the excess provisions during the year 2020	-	625	-	625
Share of loss from joint venture in 2021	(1,467)	-	(1,467)	-
Loss for the year (as restated)	(1,927,578)	(617,068)	(8,579,378)	(1,058,687)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
Provision and accruals (inclusive of provision for agency fees)	N'000	N'000	N'000	N'000
Provision and accruals (as previously stated)	617,829	1,688,043	609,606	1,688,042
Write back of the excess provisions	(77,580)	(77,580)	(77,580)	(77,580)
Provision and accruals (as restated) see note 23	540,249	1,610,463	532,026	1,610,462

	The Group	The Company
Investment in joint ventures	**2021**	**2021**
Investment in joint ventures (as previously stated)	130,393	129,589
Share of loss from joint venture in 2021	(1,467)	(1,467)
Investment in joint ventures (as restated) see note 16	128,926	128,122

32. Disposal group held for sale and discontinued operations

In 2017, the Board of UPDC Plc. decided to sell its investment (94% Shareholding) in UPDC Hotel Ltd. (UHL). Consequently, the hotel was classified as a disposal group held for sale and as a discontinued operation in accordance with IFRS 5 in the 31 December 2017 financial statements of the Group.

IFRS 5 requires that except for certain exceptions, the sale of a non-current asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification. However, before the year 2022, despite management commitment to sell the assets which were available for immediate sale and active programme put in place to locate an active buyer, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year.

Changes to a plan of sale
In the financial year ending 31 December 2022, the Directors, having considered that the criteria upon which the assets were classified as held for sale are no longer met, decided to rescind the decision to sell its investment in the Hotel, and hence reclassified back as continuing operations with effect from September 2022.

In line with the requirements of the IFRS 5, the company carried out the valuation of the property, plant and equipment held for sale in order to determine the recoverable amount at the date of the subsequent decision not to sell and compared with the carrying amount of the assets - adjusted for depreciation to date in order to determine the lower of the adjusted carrying amount and the recoverable amount to be recognised.

The valuation of the assets was carried out by an independently appointed asset valuer “Knight Frank with FRCN number FRC/2013/NIESV/00000000655”, to ascertain the value placed on these assets of the Hotel as at September 2022.

Details of the amount recognised as continuing operation in the current year are as follow:

	N'000
Recoverable amount based on valuation (A)	8,241,000
Carrying amount of the revalued assets	11,943,485
Depreciation (September 2017 to September 2022)	(1,191,870)
Adjusted carrying amount (B)	10,751,615
Amount recognised (lower of A and B)*	**8,241,000**

* Amount recognised in Property, plant and equipment - Note 13

Write back of impairment on asset of disposal group held for sale

	N'000
Amount recognised in Property, plant and equipment - as above	8,241,000
Release of impairment charge on property plant and equipment*	3,197,407
Adjusted carrying amount - as above	(10,751,615)
Write back of impairment on asset of disposal group held for sale	**686,792**

*This represents the impairment charge relating to property, plant and equipment held for sale since 2017 out of the total impairment of N4.03bn charged on the total assets of disposal group held for sale. This has now been released upon rescinding the decision to sell the investment in the hotel.

32 (i) *Analysis of the results of the discontinued operations for prior year is as follows:*

	UPDC Hotel Ltd.	
	12 months ended 2022 N'000	**12 months ended 2021** N'000
Revenue	-	235,844
Cost of sales	-	(67,173)
Gross profit	**-**	**168,671**
Other operating costs	-	(404,104)
Other operating income	-	119,147
Operating profit	**-**	**(116,286)**
Finance income	-	-
Loss before taxation from discontinued operations	**-**	**(116,286)**
Taxation	-	-
Loss from discontinued operations	**-**	**(116,286)**
Attributable to:		
Equity holders of parent	-	(110,123)
Non-controlling interest	-	(6,163)
Operating profit	**-**	**(116,286)**

Analysis of the results of the disposal group held for sale and distribution to owners is as follows:

	UPDC Hotel Ltd.	
	2022 N'000	**2021** N'000
Assets -		
Non-current assets:		
Property, plant and equipment	-	11,943,485
Intangible assets	-	5,130
	-	11,948,615
Current assets:		
Inventories	-	48,951
Trade and other receivables	-	90,592
Cash and short-term deposits	-	27,761
	-	**167,304**
Assets of disposal group classified as held for sale	**-**	**12,115,919**
Less: Impairment of assets of disposal group held for sale	-	(4,029,237)
Fair value of disposal group held for sale	**-**	**8,086,682**
Liabilities		
Current liabilities		
Trade and other payables	-	1,187,897
Liabilities of disposal group classified as held for sale	**-**	**1,187,897**

OTHER NATIONAL DISCLOSURES

Statement of Value Added

	The Group				The Company			
	2022		**2021**		**2022**		**2021**	
	N'000	**%**	**N'000**	**%**	**N'000**	**%**	**N'000**	**%**
Sale of properties, rents and services	5,896,957		825,404		3,870,963		540,563	
Other operating income & credit loss reversal	455,145		310,762		548,894		98,608	
Bought in materials and services (All local)	(4,990,531)		(1,450,237)		2,205,811		7,884,858	
Finance income	86,367		45,654		77,611		44,929	
Value added/ (consumed)	**1,447,938**	**100**	**(579,179)**	**100.0**	**1,038,648**	**100**	**(7,487,832)**	**100**
Distribution:								
Employees	450,807	31	378,566	(65)	238,771	23	240,114	(3)
Company Taxes	136,407	9	136,149	(24)	26,251	3	75,717	(1)
Interest charges	463,613	32	763,707	(132)	463,613	45	763,707	(10)
Depreciation	192,586	13	15,300	(3)	9,961	1	8,971	(0)
Amortisation	3,994	0	3,622	(1)	3,346	0	3,038	(0)
Transfer to non-controlling interests	40,874	3	51,055	(9)	-	-	-	-
Retained profit/ (loss)	159,658	11	(1,927,578)	333	296,706	29	(8,579,378)	115
Value added/ (consumed)	**1,447,938**	**100**	**(579,179)**	**100.0**	**1,038,648**	**100**	**(7,487,832)**	**100**

Value (consumed)/added represents the additional wealth which the Group has been able to (utilise)/create by its own and its employees efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creation of more wealth.

Group Five - Year Financial Summary

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Liabilities					
Non-current liabilities	4,775,112	5,591,010	4,345,562	4,341,230	4,329,867
Current liabilities	6,256,655	4,721,677	7,281,122	21,620,331	23,301,701
Liabilities of disposal group classified as held for sale	-	1,187,897	946,620	802,626	780,414
Total liabilities	11,031,767	11,500,584	12,573,304	26,764,187	28,411,982
Ordinary share capital	9,279,985	9,279,985	9,279,985	1,299,198	1,299,198
Share premium	8,971,551	8,971,551	8,971,551	6,065,397	6,065,397
Other reserves	-	391,420			
Revenue reserve and fair value reserve of financial assets at FVOCI	(9,898,336)	(10,551,336)	(8,483,675)	(5,014,475)	10,861,012
Shareholders' funds	8,353,200	8,091,620	9,767,861	2,350,120	18,225,607
Non-controlling interest	43,436	2,562	(48,493)	(178,288)	(170,700)
Total equity	8,396,636	8,094,182	9,719,368	2,171,832	18,054,907
Net equity and liabilities	**19,428,404**	**19,594,765**	**22,292,672**	**28,936,020**	**46,466,889**
PPE & Investment properties	8,435,602	66,317	1,824,646	2,417,871	4,274,810
Long term Investments	525,887	722,616	864,167	129,589	20,109,195
Assets of disposal group classified as held for sale	-	8,086,682	8,140,686	15,249,451	8,320,174
Current assets	10,466,915	10,719,150	11,463,174	11,139,109	13,762,710
Total assets	**19,428,404**	**19,594,765**	**22,292,672**	**28,936,020**	**46,466,889**
Comprehensive income					
Revenue	5,896,957	825,404	1,662,487	2,157,614	2,303,326
Profit/ (loss) before taxation	330,598	(1,617,268)	(262,693)	(16,194,629)	(13,244,202)
Taxation	(130,066)	(142,969)	(115,023)	454,722	(1,723,130)
Profit/ (loss) after taxation	200,532	(1,760,237)	(377,716)	(15,739,907)	(14,967,332)
Non-controlling Interest	40,874	51,055	11,776	(7,588)	(4,764)
Total comprehensive profit/(loss) attributable to the equity holders of the parent	(33,792)	(2,067,662)	(450,926)	(15,875,487)	(15,044,717)
Retained earnings	(33,792)	(2,067,662)	(450,926)	(15,875,487)	(15,044,717)
Basic earnings/ (loss) per share (kobo)	1	(9)	(2)	(115)	(579)
Net assets per share (Naira)	0.5	0.4	0.5	0.8	6.9

Note :
The earnings, dividends and net assets per share of 50 kobo are computed respectively on the profit after taxation, proposed dividends and the shareholders' funds each on the basis of the number of shares in issue as at 31st December.

Company Five - Year Financial Summary

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Liabilities					
Non-current liabilities	4,774,633	5,584,190	4,345,562	4,341,230	4,329,867
Current liabilities	5,435,651	4,450,208	6,682,801	21,234,266	22,915,633
Total liabilities	10,210,284	10,034,398	11,028,363	25,575,496	27,245,500
Ordinary share capital	9,279,985	9,279,985	9,279,985	1,299,198	1,299,198
Share premium	8,971,551	8,971,551	8,971,551	6,065,397	6,065,397
Other reserves	-	391,420	-		
Retained earnings and fair value reserve of financial assets at FVOCI	(17,609,085)	(17,712,341)	(8,992,879)	(5,082,059)	7,353,595
Total equity	642,451	930,615	9,258,657	2,282,536	14,718,190
Net equity and liabilities	**10,852,736**	**10,965,013**	**20,287,020**	**27,858,032**	**41,963,690**
PPE & Investment properties	39,714	45,717	1,797,657	2,417,506	4,274,445
Long term Investments	2,244,799	2,441,528	971,382	129,589	91,335
Assets of disposal group classified as held for sale	-	-	-	7,007,890	16,489,153
Current assets	8,568,223	8,477,768	17,517,981	18,303,047	21,108,757
Total assets	**10,852,736**	**10,965,013**	**20,287,020**	**27,858,032**	**41,963,690**
Comprehensive income					
Revenue	3,870,963	540,563	1,597,218	2,157,614	2,303,326
Profit/ (loss) before taxation	322,957	(8,503,661)	(946,192)	(12,890,376)	(16,673,705)
Taxation	(26,251)	(75,717)	(113,120)	454,722	(1,813,257)
Profit/ (loss) after taxation	296,706	(8,579,378)	(1,059,312)	(12,435,654)	(18,486,962)
Other comprehensive income for the period net of taxation	-	-	166,767	-	-
Total comprehensive income/(loss)	296,706	(8,579,378)	(892,545)	(12,435,654)	(18,486,962)
Basic earnings/ (loss) per share (kobo)	2	(46)	(8)	(91)	(711)
Net assets per share (Naira)	0.03	0.05	0.5	0.9	5.7

Note :
The earnings, dividends and net assets per share of 3 kobo are computed respectively on the profit after taxation, proposed dividends and the shareholders' funds each on the basis of the number of shares in issue as at 31st December.