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## 7up bottling company nigeria annual report

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Seven-Up Bottling Company PLC Annual Report 31 March 2017; Key Highlights - Revenue increased by 26% from ₦95,634,679 to ₦108,277,000 - Net loss for the year was ₦10,776,712, a decline of 422% compared to last year's profit of ₦3,347,463 - Share capital remained unchanged at ₦320,295 - Total equity decreased by 47% from ₦24,779,594 to ₦13,225,471 - Basic and diluted earnings per share were both ₦16.82, showing a significant decline from the previous year's basic and diluted earnings per share of ₦5.23 - No dividend was proposed for the current year; in contrast, a final dividend proposal amounting to ₦1.60 per share was made last year Seven-Up Bottling Company PLC Annual Report 31 March 2017 Directors' Report For year ended 31 March 2017 1 Legal Form 2 Principal Activities 3 Operating Results Highlights of the company's operating results: - Revenue (in thousands of naira) - 2017 : 108,277,000 , 2016 : 85,634,679 - Loss/profit before taxation - 2017 : -11,228,438 , 2016 : -3,757,390 - Loss/profit for the year - 2017 : -10,776,712 , 2016 : -3,347,463 - Total comprehensive (loss)/income for the year - 2017 : -10,562,376 , 2016 : -2,598,854 4 Dividend 5 Board of Directors Directors present their report on Seven-Up Bottling Company PLC's affairs, along with audited financial statements for the period ended 31 March 2017. Established as a private limited liability company in June 1959 , it was renamed Seven-Up Bottling Company Limited in May 1960. The name 'Seven-Up Bottling Company PLC' was adopted on November 26, 1991. Its shares are currently listed on the Nigerian Stock Exchange floor. The main focus remains on bottling and marketing of soft drinks and Aquafina table water . In the current year , no dividend proposal was made by the directors (2016 : ₦1,024,944,581 representing ₦1.60 per share). Key Directors who served during this review period include Mr Sunil Sawhney as Chief Operating Officer joined in 2001 and subsequently became Managing Director/Chief Executive Officer. That the following resolution be adopted as an ordinary resolution: "That Chief Emmanuel N. Nwokoro who has attained the age of 76 years, be and is hereby re-elected a Director of the company." The names of the Directors who held office during the year under review are listed in Note 6(a) of the Directors' report. Following his resignation as Director on September 22nd, 2015, Mr. Georges Kolakez, Otumba (Dr.) Adekunle Ojora, and Mallam Mohammed Hayatu-deen are eligible for re-election. In accordance with Article 90 of the Company's Articles of Association, a record of the Directors' attendances at board meetings during the year under consideration will be made available for inspection by any member. The number of shares held by each Director is as follows: Shareholdings Number of Shareholding Between shareholders % shares % Company's charitable donations decreased to ₦3,515,500 in the year under review compared to ₦7,304,000 in the previous year. No shareholder held more than 5% of the company's share capital as at March 31st, 2017. The company maintained its policy of non-discrimination in employment and provided suitable training for employees with disabilities who were redeployed to jobs compatible with their capabilities. There were seventeen physically challenged persons on the company's payroll. The company prioritized employee health and safety, regularly monitoring the health status of its workforce. Local raw materials such as sugar, crown corks, and chemicals were successfully introduced in some products. The company procured raw materials from suppliers like Bua Sugar Refinery and distributed its products nationwide directly. Employee training and involvement were encouraged through various programs. The corporate governance report listed the names of directors, number of meetings held, and attendance. The Board of Directors at Seven-Up Bottling Company PLC met regularly in 2017. Mr. Ziad A. EL-Khalil, Mr. Femi Mokikan, and Mr. Georges Kolakez were among those who attended these meetings. The company prioritizes keeping employees informed about important issues affecting its performance and plans. Management holds formal and informal sessions with employee representatives to discuss matters that impact their interests. To enhance efficiency and productivity, the company provides on-the-job training for employees and reimburses expenses related to professional qualifications. The Board of Directors is responsible for overseeing the company's business, maintaining internal controls, adding shareholder value, and protecting stakeholders' interests. The company has a certified emergency preparedness plan in place, with fire equipment strategically located within its premises. Seven-Up Bottling Company PLC also provides various benefits to its employees, including housing subsidies, free healthcare services, a contributory pension scheme, and a national health insurance plan. These efforts aim to ensure the well-being of both employees and their families. The Corporate Governance/Remuneration Committee and Risk Management Committee play crucial roles in advising the Board on strategic initiatives and risk management policies. Management Committee members include Messrs. Sunil Sawhney and Ziad El-Khalil, who work together to recommend strategies for implementation by the Board of Directors. Their collaboration involves supervising policy implementation and identifying areas where improvement is needed. The audit committee is responsible for ensuring the company's compliance with good governance practice, nominating candidates to fill board vacancies, and reviewing succession planning. The committee also oversees remuneration policies and major changes in employee benefits structures. The committee met four times during the financial year ended March 31st, 2017. Attendance records are as follows: - Mr. Sunil Sawhney: 36/36 - Mr. Ziad A.EL-Khalil: 36/36 A securities trading policy is in place and has been circulated to directors, insiders, external advisers, and employees. The company's code of conduct for securities transactions by directors meets the required standard set out in the Nigerian Stock Exchange's Listing Rules. Complaints are handled through GTL Registrars Limited and Equity Services Limited. Pursuant to section 359(3) of the Companies and Allied Matters Act, the company has an Audit Committee with three Directors and three shareholders' representatives. The Seven-Up Bottling Company PLC's annual report for March 31, 2017, details the fair and timely handling of complaints under the Investments and Securities Act, 2007. The complaints management procedure will be published on the company's website, www.sevenup.org. Seven-Up held four meetings in 2016-2017, attended by all shareholders' representatives, including Mr. Obarinde I. Obatosho, Mr. Kenneth N. Nwosu, and Mr. Femi Mokikan. Directors' meetings were also conducted with Otumba (Dr.) A. Ojora, C.O.N, O.F.R, Mr. Georges Kolakez attending three out of four sessions. The report highlights the company's risk management process, ensuring effective internal audit functions exist. It details contractual relationships with related companies and transactions in Note 29 of the financial statements. Seven-Up maintained its corporate social responsibility initiatives through collaborations like the Corporate Apprentice Scheme for youth empowerment and sponsoring an MBA program at Harvard Business School annually. Local projects included scholarships for students and educational programs at secondary and tertiary levels. In sports, the company established the Pepsi Football Academy to develop young footballers in Nigeria, alongside other initiatives such as the Aquafina Elite Model competition and co-sponsoring the annual COPA beach soccer tournament in Lagos. The report also presents a statement of profit or loss and other comprehensive income for the year ended March 31, 2017. \*\*Financial Highlights\*\* \* The company experienced significant fluctuations in its financial performance over the year. \* Other income increased by ₦427 million in 2017 compared to ₦317 million in 2016. \* Selling and distribution expenses decreased from ₦11.8 billion in 2016 to ₦13.9 billion in 2017, while administrative expenses remained relatively stable at around ₦6.65 billion. \* The company reported a net loss of ₦10.78 billion in 2017 compared to a profit of ₦3.35 billion in 2016. \*\*Financial Performance\*\* \* Revenue from operations decreased by ₦14 billion in 2017 compared to the previous year, resulting in an operating loss of ₦7.21 billion. \* Finance income increased to ₦424 million in 2017 from ₦411 million in 2016, while finance costs rose to ₦4.44 billion from ₦3.25 billion. \* The net finance cost for the year was ₦4.02 billion, a significant increase from ₦3.20 billion in 2016. \*\*Equity and Comprehensive Income\*\* \* Equity holders of the company experienced a decline in their share value by ₦10.78 billion in 2017 compared to an increase of ₦3.35 billion in 2016. \* Total comprehensive income for the year was a net loss of ₦10.56 billion, with other comprehensive income showing a gain of ₦214 million. \*\*Statement of Changes in Equity\*\* \* Share capital and share premium remained stable at ₦320,295 million and ₦299,140 million respectively over the two-year period. \* Retained earnings decreased by ₦1.65 billion in 2017 compared to an increase of ₦3.35 billion in 2016. \*\*Statement of Cash Flows\*\* \* The company experienced a significant decline in its cash flows from operating activities, with a net outflow of ₦10.78 billion in 2017. \* Adjustments for depreciation and amortization increased by around ₦9.5 billion over the year, while finance income decreased to ₦424 million. 4,444,361 3,245,524 752,221 1,142,434 12,599 63,306 (174,973) 4,109 145,276 451,726 409,927 17,532,400 (10,950,017) (1,926,393) (1,540,391) (1,222,739) 42,000 -76,820 177,142 1,005,917 4,957,800 9,811,283 1,577,023 21,095,233 (1,378,957) (1,812,611) (953,617) (974,853) (1,156,731) (1,323,426) -8,598,683 16,984,343 The financial statements of Seven-Up Bottling Company PLC, a Nigerian-based company, are presented for the year ended March 31, 2017. The company's primary activities include bottling and marketing soft drinks and premium water across Africa. The financial reports comply with International Financial Reporting Standards (IFRS) and relevant Nigerian laws. The statements were authorized by the Board of Directors on June 28, 2017. The company's shares are listed on the Nigerian Stock Exchange, and its majority shareholder is AFFELKA S.A, holding a 73.22% stake in the equity. The registered office is located at 247, Moshood Abiola Way, Ijora, Lagos. These financial statements have been prepared using historical cost accounting except for certain items measured on an alternative basis. The statements are presented in Naira, which is the company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated. The preparation of these financial statements requires management to make judgments, estimates, and assumptions that may affect the application of accounting policies and reported assets, liabilities, income, and expenses. Actual results may differ from these estimates. The Seven-Up Bottling Company PLC Annual Report for March 31, 2017 contains information about their financial statements. The company's accounting policies are applied consistently across all years presented. For foreign currency transactions, the company translates and records them in Naira at the exchange rates used at the time of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date exchange rate. Non-monetary items measured at fair value in a foreign currency are also translated at the exchange rate when their fair value was determined. The company reviews its estimated useful life for leasehold land, considering it unlimited because they believe the government will usually renew leases upon expiration and view themselves as owning the land rather than just having a right to use it. This change was applied prospectively in accordance with IAS 8. The company measures fair values for both financial and non-financial assets and liabilities using three levels: Level 1, which is based on quoted prices in active markets; Level 2, which uses inputs other than quoted prices that are observable for the asset or liability; and Level 3, which relies on unobservable inputs not based on market data. The company categorizes fair value measurements based on the lowest level of input used to measure them. The company's financial assets include loans and receivables, which are recognized at fair value plus transaction costs, and cash and cash equivalents, such as cash on hand and bank balances. The company classifies its non-derivative financial liabilities into loans and borrowings, bank overdrafts, and trade payables. These liabilities are also recognized at fair value less transaction costs and are measured at amortized cost using the effective interest method. Financial assets and liabilities are offset against each other when there is a legally enforceable right to do so, and the company intends to settle them on a net basis or simultaneously realize the asset and settle the liability. The company derecognizes financial assets and liabilities when their contractual rights expire or are transferred in a transaction where substantially all the risks and rewards of ownership are transferred. Property, plant and equipment \*\*I. Recognition and measurement\*\* II Subsequent costs The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met. Derivatives are initially measured at fair value, only directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Engineering spare parts and stand-by equipment are capitalised as property, plant and equipment when the Company expects to use them for more than one year. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses and residual value. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. The company's approach to depreciable assets has undergone changes over the past decade. IT equipment and property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives, which range from 4 years for IT equipment to 10 years for property, plant, and equipment. The residual values of these assets are also taken into account when calculating depreciation. In addition to physical assets, the company also recognizes intangible assets such as software. The cost of this software is amortized over its estimated useful life, which is 4 years. Subsequent expenditures on software that increase its future economic benefits are capitalized and depreciated accordingly. The company has a lease agreement for some of its property, plant, and equipment. When determining whether an arrangement contains a lease, the company looks for two key criteria: the presence of a right to use the asset(s) and the fulfillment of the arrangement being dependent on the use of a specific asset or assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. However, if it is reasonably certain that the company will obtain ownership of the leased asset by the end of the lease term, depreciation is calculated over the useful life of the asset. The company reviews its depreciation methods, useful lives, and residual values annually and adjusts them as necessary. Capital work-in-progress is not depreciated until the asset is completed and ready for use. In addition to depreciation, the company also recognizes amortization of intangible assets such as software. The cost of this software is amortized over its estimated useful life, which is 4 years. Subsequent expenditures on software that increase its future economic benefits are capitalized and amortized accordingly. Future economic benefits from intangible assets are expected, with gains or losses determined by comparing disposal proceeds to carrying amounts, recognized in other income. Amortization is straight-lined over estimated useful lives, reflecting consumption patterns. Estimated useful lives and residual values for current and comparative periods are reviewed annually, adjusted if necessary. Finance leases assume substantially all ownership risks and rewards, with leased assets measured at lower of fair value or present value of minimum lease payments. Inventories are valued at lower of cost and net realizable value. Cost includes acquisition costs, production/conversion expenses, transportation/clearing costs, and an appropriate share of overheads based on normal operating capacity. Lease payments are recognized straight-lined over lease term, with incentives incorporated into total expense. Finance lease minimum payments are apportioned between finance expense and outstanding liability reduction, allocated to produce constant periodic interest rate. The company periodically reviews its weighted average cost to ensure it accurately reflects historical costs. Net realizable value represents the estimated selling price minus completion and selling expenses in normal business operations. 29-32. Annual Report Seven-Up Bottling Company PLC March 31, 2017 Impairment I. Non-Derivative Financial Assets II. Non-Financial Assets For non-cash assets not carried at fair value, the company assesses impairment at each reporting date by evaluating whether there is objective evidence indicating a loss event occurred after initial recognition. This loss event must have had a negative impact on estimated future cash flows that can be reliably estimated. Evidence of impairment may include debtor default, restructuring, bankruptcy indications, or the disappearance of an active market for a security. For equity securities, a significant and prolonged decline in fair value below cost is also considered evidence of impairment. The company evaluates receivables at both specific and collective levels. All individually significant receivables are assessed specifically, while those found not impaired are collectively evaluated for any incurred but unidentified impairment. Non-significant receivables are collectively assessed by grouping similar-risk receivables together, considering historical trends of default probability, recovery timing, and loss amount, adjusted for management's judgment on current economic conditions. Impairment losses are recognized in profit or loss and recorded against receivables. Interest on impaired assets continues to be recognized through discount unwinding. When a subsequent event reduces the impairment loss, the decrease is reversed through profit or loss, but only up to the carrying amount that would have been determined if no impairment had been recognized. The company reviews its non-financial assets, excluding inventories, at each reporting date to determine any indications of impairment. If signs point towards an asset's value being lower than expected, its recoverable amount is calculated. For non-physical assets with indefinite usage or not yet ready for use, this calculation happens annually at the same time. Corporate assets are grouped together to form a 'cash-generating unit' (CGU), and if one of these units shows signs of impairment, the CGU's recoverable amount is determined. If an asset's value exceeds its estimated recoverable amount, an impairment loss is recorded. These losses are then distributed among other assets within the group on a proportional basis. For defined contribution plans, a fixed payment is made into a separate entity each month by both the company and employees, with no further obligation to cover any employee benefits. In line with Nigeria's Pension Reform Act 2014, Seven-Up Bottling Company PLC has introduced a defined contribution pension scheme for its permanent staff, where contributions are made through payroll deductions. The company contributes 10% of an employee's basic salary, while the employees contribute 8%. The discount rate is the yield on Federal Government of Nigeria issued bonds with maturity dates similar to the company's obligation term. The calculation uses the Projected Unit Credit method. Changes are recorded in profit or loss, while termination benefits are recognized as expenses when the company is committed to a formal plan to terminate employment before normal retirement date. Termination benefits for voluntary redundancies are recognized as expenses if an offer has been made and it's probable that it will be accepted, with estimated acceptances being reliable. Benefits payable more than 12 months after the reporting period are discounted to their present value. Long-term employee benefits include a Long Service Awards scheme for permanent employees. The company's obligation is the amount of future benefits earned in return for service. Benefits are discounted to determine present value. A defined benefit plan is a post-employment benefit plan, and the Company's net obligation is calculated by estimating future benefits using the Projected Unit Credit method. The liability is determined annually through an independent actuarial valuation considering future salary rate increases and staff turnover. Remeasurements are recognized in other comprehensive income when actual and expected outcomes differ in valuation of the obligation. Gains or losses on defined benefit plan settlements are recognized immediately in profit or loss. The Company ensures adequate arrangements to meet its obligations under the scheme, despite it not being funded. Transfers of consideration, goods, or services are recognized when it's probable and can be measured reliably. Revenue from sales includes discounts if probable and can be measured reliably. Short-term employee benefits are expensed as related service is provided. Liabilities for short-term cash bonuses or profit sharing plans are recognized if there's a present obligation that can be estimated reliably. Provisions are made if it's probable that an outflow of economic benefits will be required to settle an obligation, and the amount can be estimated reliably. The unwinding of the discount is recognized as finance cost. Contingent liabilities are disclosed but not recognized as liabilities in the statement of financial position if the likelihood of an outflow of resources is remote. Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of value added tax, sales returns, trade discounts, and volume rebates. Transfer of significant risk and rewards of ownership is determined to be transferred to the buyer at the point of delivery. Deferred tax is calculated based on temporary differences between financial reporting and taxation purposes. It's not recognized for initial recognition of assets or liabilities that affect neither accounting nor taxable profit/loss. Temporary tax losses, credits, and deductions are recognized to the extent it's probable future profits will offset them. These assets are reviewed at each reporting date and reduced if their realization is no longer probable. Tax rates used for measuring deferred tax reflect those expected when differences reverse, using enacted or substantively enacted rates. Finance income includes gains on derivatives and interest from invested funds, recognized as they accrue in profit/loss. Finance costs include interest on borrowings, loss on derivatives, and impairment losses recognized on financial assets (excluding trade receivables). Borrowing costs not directly attributable to acquiring, constructing, or producing qualifying assets are recognized in profit/loss. Foreign currency gains and losses are recognized in profit/loss, presented net as finance income or cost. In 2013, the Company was granted a 5-year tax relief (exemption) for Can and Pet products in three plant locations. Financial results include both pioneer and non-pioneer products revenue and expenses. Income tax expense is the sum of current and deferred tax expense. Dividends are recognized as a liability when declared. Unclaimed dividends, which have been in custody for 15 months or more, are included as a liability until statute-barred (Section 385 of CAMA). Deferred tax is generally recognized in profit/loss except when related to business combinations or items directly recognized in equity or other comprehensive income. The Company presents basic and diluted earnings per share (EPS). For ordinary shares, Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders by weighted average number of outstanding shares, adjusted for own shares held. Diluted EPS takes into account all potential dilutive ordinary shares. Unclaimed dividends exceeding twelve years are written back to retained earnings. Related parties include the holding company and its entities, as well as directors and employees with significant influence over Company operations. Deferred tax assets and liabilities are only offset if certain criteria are met. The Company collects deposits for returnable packaging materials, recognizing a liability in financial statements. Each year, an amount is written into income statement, representing breakages in trade that customers would not collect deposits on. Factors such as bottle turnover and market trend are considered when determining the amount to be written back. The Company has not yet conducted an assessment to determine the potential impact of adopting new accounting standards on its business operations. It is expected that these changes will have a significant effect on how revenue is recognized and reported. The adoption of new standards, including IFRS 9 for financial assets and IFRS 15 for contracts with customers, is planned for the year ending March 31, 2019. These standards are expected to change when revenue from certain transactions is recognized and recorded. Additionally, amendments to IAS 7 regarding disclosure initiatives will be adopted in the year ending March 31, 2018, aiming to provide users of financial statements with a clearer understanding of changes in liabilities arising from financing activities. Lastly, IFRS 16 Leases will replace current leasing standards starting January 1, 2019. This change is expected to impact how leases are recognized, measured, presented, and disclosed. The Company is expected to adopt the new IFRS 16 standard for lease accounting, which will replace the existing IAS 17 standard. The new standard eliminates the distinction between operating leases and finance leases, and instead introduces a single lessee accounting model. As a result, the customer (lessee) will be required to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Additionally, depreciation of lease assets and interest on lease liabilities must be accounted for separately in the profit or loss. On the other hand, the supplier (lessor) will continue to classify its leases as operating or finance leases, and account for them differently. The Company has not yet assessed the impact of adopting IFRS 16, but it plans to do so and will adopt the standard for the year ending March 31, 2020. The revenue for the year ended March 31, 2017, comprised local sales of ₦108 billion and export sales of ₦274 million, totaling ₦135 billion. The Company's expenses for the period include raw materials and consumables, advertising and sales promotion, depreciation, auditors' remuneration, professional fees, amortization, personnel expenses, transportation, repairs and maintenance, and management fees. Other income includes income from the sale of scrap, as well as tax and advisory services provided by KPMG Professional Services. The balance of professional fees represents expenses for services provided by companies and firms other than the external audit firm. The Company also reported finance income and costs for the period. Finance income includes interest income on bank deposits, net gains on foreign exchange transactions, and derivative gains. Finance costs include interest on overdrafts. The company reported significant losses and finance costs in its 2017 financial report. The net loss for the year was approximately 3.25 billion naira, with finance costs recognized in profit or loss amounting to 4.44 billion naira. However, when considering the cash flow statement, the finance costs were significantly lower at 3.21 billion naira. The company also incurred substantial income from foreign exchange transactions, totaling 252 million naira in interest and 131 million naira in derivative gains. Additionally, the company paid out finance income of 40 million naira to stakeholders. In terms of operating expenses, depreciation of property, plant, and equipment was 9.5 billion naira, while amortization of intangible assets was 25 million naira. The company also incurred personnel expenses totaling 10.05 billion naira, which includes salaries, wages, and allowances, as well as other employee benefits. The company has a total of 2,193 full-time employees, with the majority working in manufacturing, distribution, finance, human resources, and information technology. Directors' remuneration was paid to five directors at a total of 1.12 billion naira. Overall, the financial report highlights the company's significant losses and expenses, as well as its income from foreign exchange transactions and other sources. \*\*Executive Remuneration\*\* The Chairman received ₦4,809,000 in remuneration for 2017, compared to ₦4,212,000 in 2016. \* The executive directors' total remuneration was ₦18,695,000 in 2017, up from ₦13,783,000 in 2016. \*\*Breakdown of Executive Remuneration\*\* \* The highest-paid director received ₦6,058,000 in 2017, compared to ₦5,370,000 in 2016. \* Other directors (excluding the Chairman and highest-paid director) who received emoluments excluding pension contributions and certain benefits were 41 in 2017, up from 44 in 2016. \*\*Taxation\*\* \* The company's income tax expense was ₦1,433,009,000 in 2017, compared to ₦871,705,000 in 2016. \* The deferred tax expense was a credit of ₦2,102,636,000 in 2017, compared to a debit of ₦623,492,000 in 2016. \*\*Tax Movement\*\* \* The movement in tax payable account during the year was as follows: + Balance at the beginning of the year: ₦1,398,371,000 (+) Payments made during the year: ₦953,617,000 (2017) / ₦974,853,000 (2016) + Charge for the year: ₦1,650,910,000 (2017) / ₦1,033,419,000 (2016) + Balance at the end of the year: ₦2,095,564,000 (2017) / ₦1,398,371,000 (2016) \*\*Effective Tax Rate\*\* \* The effective tax rate was 30.0% in 2017 and 30.0% in 2016. \* The main components affecting the effective tax rate were: + Tertiary education tax: 2.0% (2017) / 4.2% (2016) + Capital gains tax: 0.0% (2017) / 23.4% (2016) + Non-deductible expenses: -1.3% (2017) / 2.0% (2016) \*\*Earnings and Dividend Per Share\*\* \* The declared dividend per share was 160 kobo in 2017, compared to 275 kobo in 2016. \* The basic and diluted earnings per share were (1662)kobo in 2017, compared to 523 kobo in 2016. The company's share count at the start and end of the year is disclosed. The Nigerian Investment Promotion Council granted us pioneer status from September 2011 to November 2013, covering production at Lagos, Enugu, and Abuja plants. This tax-free period was certified by the Industrial Inspectorate Department on November 23, 2013. As a result, our profits from this period weren't subject to income taxes. However, in the current year, this pioneer status expired after just five months. The tax impact of these changes is reflected in the financial statements.