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# Dangote Industries Limited

Consolidated and Separate Financial Statements
for the year ended 31 December 2020

## Corporate Information

| | | |
|---|---|---|
| Country of incorporation and domicile | Nigeria | |
| Directors | Alhaji Aliko Dangote, GCON | Group President/ Chief Executive |
| | Alhaji Sani Dangote | Group Vice President |
| | Mr. Olakunle Alake | Group Managing Director |
| | Mr D.V.G Edwin | Group Executive Director |
| | Alhaji Abdu Dantata | Group Executive Director |
| | Halima Aliko-Dangote | Group Executive Director |
| | Dr. Adenike Fajemirokun* | Group Executive Director |
| | Engr. Ahmed Mansur* | Group Executive Director |
| | Mr. Emmanuel Ikazoboh** | Group Non-Executive Director |
| | Mr. Viswanathan Shankar** | Group Non-Executive Director |
| | Mr. Arnold Ekpe** | Group Non-Executive Director |
| | Mr. Knut Ulvmoen*** | Group Executive Director |
| | Alhaji Sada Ladan-Baki*** | Group Executive Director |
| | Alhaji Tajudeen Sijuade*** | Group Executive Director |
| Registered office | Dangote Industries Limited<br>Union Marble house<br>1 Alfred Rewane Road<br>Ikoyi<br>Lagos | |
| Holding company | Greenview International Corp. | |
| Bankers | Zenith Bank Plc<br>Access Bank Plc<br>First Bank Nigeria Limited<br>Ecobank Limited<br>Guaranty Trust Bank Plc<br>Fidelity Bank Plc<br>First City Monument Bank Limited<br>United Bank for Africa Plc<br>Stanbic IBTC Bank Plc<br>Rand Merchant Bank Limited<br>Heritage Bank Plc<br>Standard Chartered Bank Limited<br>Keystone Bank Limited<br>Union Bank of Nigeria Plc<br>Suntrust Bank Limited<br>Jaiz Bank Plc | |
| Auditors | Deloitte & Touche<br>Civic Towers<br>Plot GA1, Ozumba Mbadiwe Avenue<br>Victoria Island<br>Lagos. | |
| Secretary | Mr. Mahmud Kazaure | |

* Dr. Adenike Fajemirokun and Engr. Ahmed Mansur were appointed as Group Executive Director on 1 June 2020.

**Mr. Emmanuel Ikazoboh, Mr. Viswanathan Shankar and Mr. Arnold Ekpe were appointed as Group Non-Executive Director on 1 June 2020.

***Mr. Knot Ulvmoen, Alhaji Sada Ladan-Baki and Alhaji Tajudeen Sijuade resigned as Group Executive Director on 1 June 2020.

# Dangote Industries Limited



## Contents

# Directors' Report

The Directors have pleasure in submitting their report on the consolidated and separate financial statements of Dangote Industries Limited and the Group for the year ended 31 December 2020.

## 1. Legal form

Dangote Industries Limited was incorporated as a private limited liability company on 18 April 1985 and commenced business in July, 1999. Dangote Nigeria Limited owns 0.01% and Greenview International Corp. of Cayman Island owns 99.9%. However, Alhaji Aliko Dangote is the ultimate controlling party.

## 2. Nature of business

The Group has diverse operation and activities which include production and sale of consumable staples (sugar and salt), packaging sack and cements. Some other Group activities include warehousing and logistics, and telecommunication services, coal and granite mining. The Group also has ongoing projects ranging from exploration and refining of crude oil, production and sales of fertilizer, and production and sale of rice.

There have been no material changes to the nature of the Group's business from the prior year.

## 3. Review of financial results and activities

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated and separate financial statements.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 N. mil | 2019 N. mil | 2018 N. mil | 2020 N. mil | 2019 N. mil | 2018 N. mil |
| Revenue | 1,333,909 | 1,212,300 | 1,226,491 | 250,203 | 248,376 | 170,712 |
| Operating profit | 571,460 | 254,251 | 262,896 | 314,641 | 311,722 | 127,819 |
| Profit before taxation | 382,689 | 94,681 | 198,428 | 393,142 | 314,336 | 167,099 |
| Profit for the year | 226,100 | 36,302 | 268,731 | 352,148 | 313,647 | 163,342 |
| Total comprehensive income for the year | 394,752 | (25,323) | 385,027 | 352,149 | 313,571 | 162,140 |

## 4. Dividends

The Group's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

The board of directors do not recommend the declaration of a dividend for the year.

## 5. Directorate

The directors in office at the date of this report are as follows:

| Directors | Nationality | Changes |
|---|---|---|
| Alhaji Aliko Dangote, GCON | Group President/ Chief Executive | |
| Alhaji Sani Dangote | Group Vice President | |
| Mr. Olakunle Alake | Group Managing Director | |
| Mr D.V.G Edwin | Group Executive Director | |
| Alhaji Abdu Dantata | Group Executive Director | |
| Halima Aliko-Dangote | Group Executive Director | |
| Dr. Adenike Fajemirokun | Group Executive Director | Appointed Monday, June 1, 2020 |
| Engr. Ahmed Mansur | Group Executive Director | Appointed Monday, June 1, 2020 |
| Mr. Emmanuel Ikazoboh | Group Non-Executive Director | Appointed Monday, June 1, 2020 |
| Mr. Viswanathan Shankar | Group Non-Executive Director | Appointed Monday, June 1, 2020 |
| Mr. Arnold Ekpe | Group Non-Executive Director | Appointed Monday, June 1, 2020 |
| Mr. Knut Ulvmoen | Group Executive Director | Resigned Monday, June 1, 2020 |
| Alhaji Sada Ladan-Baki | Group Executive Director | Resigned Monday, June 1, 2020 |
| Alhaji Tajudeen Sijuade | Group Executive Director | Resigned Monday, June 1, 2020 |

## 6. Directors' interests in contracts

None of the Directors notified the Company of any direct or indirect interest in contracts or proposed contracts with the Company during the year for the purpose of Section 303 of the Companies and Allied Matters Act, 2020.

## 7. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use.

Movements in property, plant and equipment during the year are shown in Notes 19 of the consolidated and separate financial statements.

## 8. Events after the reporting period

There were no events after the reporting date which could have had a material effect on the financial position of the Group as at 31 December 2020 which have not been adequately provided for in the Financial Statements. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

## 9. Employment and employees

### a) Our Inclusion policy

Dangote Industries Limited is an equal opportunity employer and does not discriminate on any grounds. We support fair employment practices. We aim to have an institution free from discrimination and based upon the values of dignity and respect. Respect for the employees is at the heart of our organization and is one of our core values. We encapsulate listening to each other and respecting human rights.

The Group employs and retains people from a wide range of backgrounds. Our employment policy is free of discrimination against existing or potential employees on grounds of race, ethnicity, nationality, gender, age, disability, political opinion, competencies, background or faith. We have relevant policies and processes including recruitment, retention, evaluation, remuneration and career planning to ensure they are gender sensitive. We recognise and mitigate unconscious biases in selection and retention processes. It is the Group's policy not to discriminate against physically challenged persons or persons living with HIV/AIDS. The Company continues to pursue its policy of non-discrimination in recruitment and continued employment, offering physically challenged persons career opportunities.

### b) Equal opportunities and diversity

The Group is committed to promoting and fostering a culture of equality, diversity, fairness, integrity and dignity. It recognizes the need for and values diversity and inclusion in its workforce and leadership. We believe that diversity of our teams is a key success driver. Diversity plays a pivotal role in our employee community. We believe that our diversity in skills and management is a decisive lever for progress. Diversity and inclusion do make a positive difference and we celebrate the rich diversity of our employees. We have a diversity policy which we actively propagate and implement; our code of conduct also propagates our positive diversity stance. All employees are given equal opportunities and resources to develop professionally and personally to their full potential.

### c) Health, safety, environment and quality policy

Our first core value has remained Safety. Health, Safety, Environment and Quality (HSEQ) protection continues to be of utmost importance in our operations. The Group considers people safety and security, health protection, operational safety, respect for the environment, customer satisfaction and listening to stakeholders as paramount priorities. We are conscious at all levels of the organization, of our personal responsibility and give due consideration to the prevention of accidents, injury, environmental damage or adverse impacts of product and service quality. Health, Safety, Quality and Environmental protection is of utmost importance to us. Our commitment to HSEQ values was unwavering throughout the year despite the challenging environment. We are committed to maintaining the highest standards of safety and enforce strict health and safety rules and practices.

Every meeting commences with a safety moment. Emergency procedures are tested, drilled and updated systematically to ensure optimum performance. Compliance with these principles remain a crucial element in the performance evaluation of the Group and its employees. Environmental, Industrial and Personal safety continues to be at the core of the Group's operations. This is applicable in all our offices, outlets, areas of operation and is further extended to our partners and visitors to our offices. We operate a proactive safety culture.

d) Employees welfare, development, training and engagement

The Group operates a medical scheme under which free healthcare is provided to employees and their dependants. Employees are mandated to undergo annual medical examinations which form the basis for the provision of timely medical interventions. The Group also periodically runs various health campaigns geared at creating awareness or addressing certain ailments.

We are committed to constantly ensuring that our staff understand their roles and responsibilities. The Group constantly equips and updates its employees with the skills and knowledge required for the optimal performance of their jobs. In 31 December 2020, staff participated in various local and international trainings on diverse subjects including HSEQ, Human Rights, Business lines, Management and Personal Development. Furthermore, we encourage our staff to be members of professional institutions which will add value to both themselves and the Group.

## 10. Internal financial controls

Effective financial controls are an essential management tool. Accordingly, reasonable care has been taken to establish and maintain a framework of financial controls to ensure that the Company's assets are safeguarded and that proper accounting records are maintained with a view to providing reliable financial information.

There exist adequate guidelines for all aspects of internal controls relating to operational and compliance controls as well as risk management. The Board and Management will in line with regulation and international best practices continue to review the effectiveness and the adequacy of the Company's internal control systems and update such as may be necessary.

## 11. Auditors

Messrs. Deloitte & Touche have indicated their willingness to continue in office as External Auditors of the Company.

The consolidated and separate financial statements set out on pages 10 to 114, which have been prepared on the going concern basis, were approved by the board of directors on 30 April 2021.

By Order of the Board

Mr. Mahmud Kazaure

Company Secretary

## Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements

The Directors of Dangote Industries Limited accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

In preparing these financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

### Going Concern

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

### Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the:

i. audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

ii. audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements.

We state that management and directors:

i. are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Group and Company is made known to the officer by other officers of the Group and Company, particularly during the period in which the audited financial statement report is being prepared;

ii. has evaluated the effectiveness of the Group and Company's internal controls within 90 days prior to the date of its audited financial statements, and;

iii. certifies that Group and Company's internal controls are effective as of that date.

We have disclosed:

i. all significant deficiencies in the design or operation of internal controls which could adversely affect the Group and Company's ability to record, process, summarise and report financial data, and has identified for the Group and Company's auditors any material weaknesses in internal controls, and

ii. whether or not, there is any fraud that involves management or other employees who have a significant role in the Group and Company's internal control; and

iii. as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The consolidated and separate financial statements for the year ended 31 December 2020 were approved by the board of directors on 30 April 2021.

Signed on behalf of the Board of Directors By:

| | | |
|---|---|---|
| Alhaji Aliko Dangote, GCON | Mr. Olakunle Alake | Mr. Mustapha Ibrahim |
| Group President | Group Managing Director | Chief Financial Officer |
| FRC/2013/IODN/0000001766 | FRC/2013/ICAN/00000002214 | FRC/2013/ICAN/00000002215 |

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**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Dangote Industries Limited**

**Report on the Audit of the Consolidated and Separate Financial Statements**

**Opinion**

We have audited the consolidated and separate financial statements of **Dangote Industries Limited** and its subsidiaries (the Group and Company) set out on pages 10 to 114, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of financial position as at 31 December 2021 the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, 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 Dangote Industries Limited as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and 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 Auditor's Responsibilities for the Audit of the 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| **Related Party Transactions** | |
| Dangote Industries Limited is a parent company, it operates within a group of companies and transacts business with the companies within the group as disclosed in Note 49 to the financial statements.<br>The related parties maintain accounts with one another and balances are reconciled at year end. Due to the significance of the transactions and number of related parties, reconciliations and resolution of the related party balances typically involve significant time and resources.<br>Though we are not aware of any transactions among the related parties that are outside the normal course of business, auditing of related party transactions and balances requires a lot of audit time to review and obtain the necessary comfort on the account balances. Hence, we consider this to be a key audit matter. | In order to evaluate the related party balances, the following audit procedures were performed:<br>•We obtained understanding on the business process around the recording and reporting of related party transactions and evaluated the process for compliance with the accounting and reporting standards.<br>•We assessed the entity's internal controls around the reporting of related party transactions and tailored our further audit reviews based on our perceived level of operating effectiveness of the control.<br>•We obtained confirmation from all related parties.<br>•Where there were differences between the recorded balance and the confirmed balance, we obtained reconciliations for the differences. |

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| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| **Related Party Transactions** | |
| | •For the reconciling items that make up the differences between both balances, we obtained the relevant support documents and assessed the validity of a selections of transactions. We also verified appropriateness of the business rationale and ensured that there were no unusual transactions.<br>•We performed procedures in order to understand the nature and business rationale for the elimination of intercompany transactions (i.e. elimination journals) at the group level<br>•We performed detailed review of audit work done on subsidiaries by other auditors with focus on related party testing.<br>•We evaluated the overall presentation and disclosure of ted party balances and compliance with IAS 24.<br>Based on the review we have performed and documentation assessed, we have no exception on the balances recorded in favour of or against related parties. |

**Other Information**
The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this report. The other information do 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 and will 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 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 a 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 frauu 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.

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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 and separate 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 those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. 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 Companies and Allied Matters Act 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.

**Hassan Lawal, FCA- FRC/2013/ICAN/00000000001382**
**For: Deloitte & Touche**
**Chartered Accountants**
**Lagos, Nigeria.**
25 **May, 2021**

## Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 2020 | 2019 Restated * | 2018 Restated * | 2020 | 2019 | 2018 |
| | Note(s) | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| Revenue | 5 | 1,333,909 | 1,212,300 | 1,226,491 | 250,203 | 248,376 | 170,712 |
| Cost of sales | 6 | (657,315) | (638,464) | (643,634) | (6,171) | (6,690) | (5,662) |
| **Gross profit** | | 676,594 | 573,836 | 582,857 | 244,032 | 241,686 | 165,050 |
| Other operating income | 7 | 9,240 | 6,361 | 15,849 | 599 | 36 | 48 |
| Other operating gains (losses) | 8 | 212,453 | 20,511 | (56,983) | 90,841 | 98,111 | (15,057) |
| Movement in credit loss allowances | 9 | (1,737) | 1,388 | 24 | (223) | - | - |
| Selling and distribution expenses | 10 | (135,499) | (141,621) | (124,380) | - | - | - |
| Administrative expenses | 11 | (189,591) | (206,224) | (154,471) | (20,608) | (28,111) | (22,222) |
| **Operating profit** | | 571,460 | 254,251 | 262,896 | 314,641 | 311,722 | 127,819 |
| Investment income | 12 | 27,103 | 23,963 | 60,706 | 249,058 | 132,257 | 121,919 |
| Finance costs | 13 | (216,624) | (184,182) | (125,737) | (170,557) | (129,643) | (82,639) |
| Income from equity accounted investments | 25 | 750 | 649 | 563 | - | - | - |
| **Profit before taxation** | | 382,689 | 94,681 | 198,428 | 393,142 | 314,336 | 167,099 |
| Taxation | 14 | (156,589) | (58,379) | 70,303 | (40,994) | (689) | (3,757) |
| **Profit for the year** | | 226,100 | 36,302 | 268,731 | 352,148 | 313,647 | 163,342 |
| **Other comprehensive income:** | | | | | | | |
| **Items that will not be reclassified to profit or loss:** | | | | | | | |
| Gains/(losses) on valuation of investments in equity instruments | 33 | 2 | (76) | (1,202) | 2 | (76) | (1,202) |
| Income tax relating to items that will not be reclassified | | (1) | - | - | (1) | - | - |
| **Total items that will not be reclassified to profit or loss** | | 1 | (76) | (1,202) | 1 | (76) | (1,202) |
| **Items that may be reclassified to profit or loss:** | | | | | | | |
| Exchange differences on translating foreign operations | | 168,651 | (61,549) | 117,498 | - | - | - |
| **Other comprehensive income for the year net of taxation** | | 168,652 | (61,625) | 116,296 | 1 | (76) | (1,202) |
| **Total comprehensive income (loss) for the year** | | 394,752 | (25,323) | 385,027 | 352,149 | 313,571 | 162,140 |
| **Profit attributable to:** | | | | | | | |
| Owners of the parent | | 131,524 | 47,992 | 255,377 | 352,148 | 313,647 | 163,342 |
| Non-controlling interest | | 94,576 | (11,690) | 13,354 | - | - | - |
| | | 226,100 | 36,302 | 268,731 | 352,148 | 313,647 | 163,342 |
| **Total comprehensive income (loss) attributable to:** | | | | | | | |
| Owners of the parent | | 163,799 | 29,533 | 266,818 | 352,149 | 313,571 | 162,140 |
| Non-controlling interest | | 230,953 | (54,856) | 118,209 | - | - | - |
| | | 394,752 | (25,323) | 385,027 | 352,149 | 313,571 | 162,140 |
| **Earnings per share** | | | | | | | |
| Basic and diluted earnings (Naira) | 16 | 66 | 24 | 128 | 176 | 157 | 82 |

The accounting policies and notes on pages 16 to 109 form an integral part of the consolidated and separate financial statements.

* See Note 56

## Consolidated and Separate Statement of Financial Position as at 31 December 2020

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note(s) | 2020 N. mil | 2019 Restated N. mil | 2018 Restated N. mil | 2020 N. mil | 2019 Restated N. mil | 2018 Restated N. mil |
| **Assets** | | | | | | | |
| Non-Current Assets | | | | | | | |
| Property, plant and equipment | 19 | 5,063,876 | 3,632,418 | 2,677,954 | 28,783 | 23,499 | 17,061 |
| Right-of-use assets | 20 | 14,921 | 15,077 | - | - | - | - |
| Investment property | 21 | - | - | - | 2,910 | - | - |
| Intangible assets | 22 | 161,209 | 131,379 | 133,908 | 7 | 10 | 14 |
| Investments in subsidiaries | 23 | - | - | - | 101,025 | 100,816 | 83,012 |
| Investments in associate | 25 | 5,711 | 4,961 | 4,312 | - | - | - |
| Debt instruments (at amortised cost) | 26 | 45,281 | 41,275 | 15,938 | 42,304 | 38,298 | 12,961 |
| Investments at fair value | 33 | 7,056 | 7,072 | 7,148 | 7,059 | 7,066 | 7,142 |
| Finance lease receivables | 27 | 9,846 | 11,285 | 6,475 | - | - | - |
| Deferred tax | 15 | 17,679 | 60,068 | 49,970 | - | - | - |
| Prepayments | 29 | 160,370 | 317,802 | 339,957 | - | - | - |
| Other Investments | 30 | - | - | - | 563,284 | 451,868 | 420,285 |
| | | 5,485,949 | 4,221,337 | 3,235,662 | 745,372 | 621,557 | 540,475 |
| Current Assets | | | | | | | |
| Biological assets | 28 | 4,462 | 2,069 | 1,841 | - | - | - |
| Inventories | 31 | 233,000 | 265,772 | 227,139 | - | - | - |
| Loans to group companies | 35 | - | - | - | 2,733,352 | 1,791,009 | 1,152,000 |
| Debt instruments (at amortised cost) | 26 | 3,149 | - | - | 3,149 | - | - |
| Trade and other receivables | 32 | 707,167 | 639,573 | 695,265 | 221,398 | 225,116 | 212,035 |
| Investments at fair value | 33 | 19,458 | 16,212 | 14,547 | 19,458 | 16,212 | 14,546 |
| Derivatives | 34 | 51,831 | 1,091 | 22,455 | 51,831 | 1,091 | 22,455 |
| Finance lease receivables | 27 | 5,249 | 4,266 | 2,380 | - | - | - |
| Prepayments | 29 | 90,508 | 30,858 | 31,423 | 2,318 | 2,206 | 427 |
| Cash and cash equivalents | 36 | 764,012 | 852,741 | 950,434 | 471,224 | 642,067 | 606,384 |
| | | 1,878,836 | 1,812,582 | 1,945,484 | 3,502,730 | 2,677,701 | 2,007,847 |
| Non-current assets held for sale and assets of disposal groups | 37 | 869 | 869 | 869 | - | - | - |
| **Total Assets** | | 7,365,654 | 6,034,788 | 5,182,015 | 4,248,102 | 3,299,258 | 2,548,322 |
| **Equity and Liabilities** | | | | | | | |
| **Equity** | | | | | | | |
| Equity attributable to equity holders of parent | | | | | | | |
| Share capital | 38 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Foreign currency translation reserve | | 122,187 | 89,913 | 108,296 | - | - | - |
| Reserve for valuation of investments | | (116) | (117) | (41) | (116) | (117) | (41) |
| Capital reserves | | - | - | 21,413 | - | - | - |
| Retained income | | 2,066,915 | 2,008,522 | 2,149,417 | 1,541,169 | 1,261,731 | 1,143,084 |
| | | 2,189,986 | 2,099,318 | 2,280,085 | 1,542,053 | 1,262,614 | 1,144,043 |
| Non-controlling interest | | 795,315 | 607,278 | 705,688 | - | - | - |
| | | 2,985,301 | 2,706,596 | 2,985,773 | 1,542,053 | 1,262,614 | 1,144,043 |

* See Note 56

## Consolidated and Separate Statement of Financial Position as at 31 December 2020

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note(s) | 2020<br>N. mil | 2019<br>Restated *<br>N. mil | 2018<br>Restated *<br>N. mil | 2020<br>N. mil | 2019<br>Restated *<br>N. mil | 2018<br>Restated *<br>N. mil |
| **Liabilities** | | | | | | | |
| Non-Current Liabilities | | | | | | | |
| Loans from related parties | 40 | 56,420 | 19,588 | 17,765 | - | - | - |
| Borrowings | 39 | 1,994,859 | 1,586,442 | 1,331,677 | 1,755,965 | 1,426,780 | 991,597 |
| Lease liabilities | 45 | 8,982 | 9,157 | - | - | - | - |
| Retirement benefit obligation | 41 | 1,086 | 1,205 | 1,284 | 910 | 1,022 | 1,062 |
| Deferred income | 43 | 28,852 | 30,389 | 8,424 | - | - | - |
| Deferred tax | 15 | 176,111 | 110,302 | 100,081 | 39,588 | 3,764 | 3,764 |
| Provisions | 44 | 9,593 | 3,684 | 2,753 | - | - | - |
| Long service award | 42 | 3,581 | - | - | - | - | - |
| | | 2,279,484 | 1,760,767 | 1,461,984 | 1,796,463 | 1,431,566 | 996,423 |
| Current Liabilities | | | | | | | |
| Trade and other payables | 46 | 994,979 | 858,916 | 400,713 | 116,613 | 130,128 | 134,314 |
| Loans from related parties | 40 | 708,978 | 465,438 | 262,338 | 778,978 | 465,438 | 262,338 |
| Borrowings | 39 | 288,228 | 170,846 | 31,298 | - | - | - |
| Derivatives | 34 | 104 | - | - | - | - | - |
| Lease liabilities | 45 | 3,593 | 2,021 | - | - | - | - |
| Retirement benefit obligation | 41 | 970 | 980 | 970 | - | - | - |
| Contract Liabilities | 47 | 331 | - | - | - | - | - |
| Deferred income | 43 | 70 | 149 | 314 | - | - | - |
| Current tax payable | 14 | 71,595 | 67,880 | 31,257 | 13,995 | 9,512 | 11,204 |
| Provisions | 44 | 145 | - | - | - | - | - |
| Bank overdraft | 36 | 31,876 | 1,195 | 7,368 | - | - | - |
| | | 2,100,869 | 1,567,425 | 734,258 | 909,586 | 605,078 | 407,856 |
| **Total Liabilities** | | 4,380,353 | 3,328,192 | 2,196,242 | 2,706,049 | 2,036,644 | 1,404,279 |
| **Total Equity and Liabilities** | | 7,365,654 | 6,034,788 | 5,182,015 | 4,248,102 | 3,299,258 | 2,548,322 |

The consolidated and separate financial statements were approved by the board of directors on 30 April 2021 and were signed on its behalf by:

Alhaji Aliko Dangote, GCON
Group President
FRC/2013/IODN/0000001766

Mr. Olakunle Alake
Group Managing Director
FRC/2013/ICAN/00000002214

Mr. Mustapha Ibrahim
Chief Financial Officer
FRC/2013/ICAN/00000002215

The accounting policies and the notes on pages 16 to 109 form an integral part of these consolidated and separate financial statements.



* See Note 56

## Statement of Changes in Equity

| | Share capital | Foreign currency translation reserve | Reserve for valuation of investments | Capital reserves | Retained income | Total attributable to owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| **Group** | | | | | | | | |
| Restated Balance at 1 January 2019 | 1,000 | 108,296 | (41) | 21,413 | 2,149,417 | 2,280,085 | 705,688 | 2,985,773 |
| Profit for the year | - | - | - | - | 47,992 | 47,992 | (11,690) | 36,302 |
| Other comprehensive income | - | (18,383) | (76) | - | - | (18,459) | (43,166) | (61,625) |
| Total comprehensive income for the year | - | (18,383) | (76) | - | 47,992 | 29,533 | (54,856) | (25,323) |
| Reserve transferred from acquisition of subsidiaires | - | - | - | - | 6,113 | 6,113 | 1,354 | 7,467 |
| Derecognition due to disposal of subsidiary | - | - | - | (21,413) | - | (21,413) | - | (21,413) |
| Dividends | - | - | - | - | (195,000) | (195,000) | (44,908) | (239,908) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | (21,413) | (188,887) | (210,300) | (43,554) | (253,854) |
| Restated Balance at 31 December 2019 | 1,000 | 89,913 | (117) | - | 2,008,522 | 2,099,318 | 607,278 | 2,706,596 |
| Balance at 1 January 2020 | 1,000 | 89,913 | (117) | - | 2,008,522 | 2,099,318 | 607,278 | 2,706,596 |
| Profit for the year | - | - | - | - | 131,524 | 131,524 | 94,576 | 226,100 |
| Other comprehensive income | - | 32,274 | 1 | - | - | 32,275 | 136,377 | 168,652 |
| Total comprehensive income for the year | - | 32,274 | 1 | - | 131,524 | 163,799 | 230,953 | 394,752 |
| Disposal of non-controlling interest | - | - | - | - | (421) | (421) | 421 | - |
| Dividends | - | - | - | - | (72,710) | (72,710) | (43,337) | (116,047) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (73,131) | (73,131) | (42,916) | (116,047) |
| Balance at 31 December 2020 | 1,000 | 122,187 | (116) | - | 2,066,915 | 2,189,986 | 795,315 | 2,985,301 |

* See Note 56

## Statement of Changes in Equity

| | Share capital | Foreign currency translation reserve | Reserve for valuation of investments | Capital reserves | Retained income | Total attributable to owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| **Company** | | | | | | | | |
| Restated* Balance at 1 January 2019 | 1,000 | - | (41) | - | 1,143,084 | 1,144,043 | - | 1,144,043 |
| Profit for the year | - | - | - | - | 313,647 | 313,647 | - | 313,647 |
| Other comprehensive income | - | - | (76) | - | - | (76) | - | (76) |
| **Total comprehensive income for the year** | - | - | (76) | - | 313,647 | 313,571 | - | 313,571 |
| Dividends | - | - | - | - | (195,000) | (195,000) | - | (195,000) |
| **Total contributions by and distributions to owners of company recognised directly in equity** | - | - | - | - | (195,000) | (195,000) | - | (195,000) |
| **Restated* Balance at 31 December 2019** | 1,000 | - | (117) | - | 1,261,731 | 1,262,614 | - | 1,262,614 |
| **Balance at 1 January 2020** | 1,000 | - | (117) | - | 1,261,731 | 1,262,614 | - | 1,262,614 |
| Profit for the year | - | - | - | - | 352,148 | 352,148 | - | 352,148 |
| Other comprehensive income | - | - | 1 | - | - | 1 | - | 1 |
| **Total comprehensive income for the year** | - | - | 1 | - | 352,148 | 352,149 | - | 352,149 |
| Dividends | - | - | - | - | (72,710) | (72,710) | - | (72,710) |
| **Total contributions by and distributions to owners of company recognised directly in equity** | - | - | - | - | (72,710) | (72,710) | - | (72,710) |
| **Balance at 31 December 2020** | 1,000 | - | (116) | - | 1,541,169 | 1,542,053 | - | 1,542,053 |

The accounting policies on pages 16 to 39 and the notes on pages 40 to 109 form an integral part of the consolidated and separate financial statements.

* The translation reserves represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies and subsidiaries with different functional currency, to the reporting currency.



* See Note 56

## Consolidated and Separate Statement of Cash Flows

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note(s) | 2020<br>N. mil | 2019<br>Restated *<br>N. mil | 2020<br>N. mil | 2019<br>Restated *<br>N. mil |
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 48 | 856,867 | 824,199 | 569,711 | 196,855 |
| Tax paid | 14 | (35,811) | (18,406) | - | (2,381) |
| Retirement benefit paid | 41 | (129) | (69) | (112) | (40) |
| Benefit paid for long service award | 42 | (132) | - | - | - |
| **Net cash from operating activities** | | **820,795** | **805,724** | **569,599** | **194,434** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | 19 | (1,077,371) | (1,098,373) | (9,313) | (7,455) |
| Proceed from disposal of property, plant and equipment | 19 | 1,897 | 4,519 | - | - |
| Purchase of intangible assets | 22 | (825) | (220) | - | - |
| Purchase of additional interest in subsidiary | | - | - | (396) | (18,473) |
| Proceed from disposal of businesses | | - | - | - | 89,890 |
| Loans to group companies repaid | 35 | - | - | 38,300 | 23,750 |
| Loans advanced to group companies | 35 | - | - | (980,643) | (662,759) |
| Purchase of investments at fair value | 33 | (3,228) | (1,665) | (3,237) | (1,666) |
| Purchase of debt instruments at amortised cost | | (7,155) | (25,337) | (7,155) | (25,337) |
| Purchase of biological assets | 28 | - | (541) | - | - |
| Proceed from disposal of biological assets | 28 | 24 | - | - | - |
| Capital contribution in related parties | | - | - | (111,416) | (31,583) |
| Interest income | 12 | 26,725 | 23,704 | 248,680 | 131,998 |
| Dividends received | 12 | 378 | 259 | 378 | 259 |
| **Net cash from investing activities** | | **(1,059,555)** | **(1,097,654)** | **(824,802)** | **(501,376)** |
| **Cash flows from financing activities** | | | | | |
| Proceeds from related parties loans | 40 | 177,896 | 204,923 | 416,535 | 203,100 |
| Repayment of related parties loans | 40 | - | - | (203,500) | - |
| Proceeds from borrowings | 39 | 574,306 | 441,956 | 409,332 | 467,500 |
| Repayment of borrowings | 39 | (340,177) | (60,051) | (331,084) | (40,703) |
| Payment on lease liabilities | | 290 | (3,722) | - | - |
| Dividends paid | | (116,047) | (239,908) | (72,710) | (195,000) |
| Interest paid | | (176,918) | (142,788) | (134,213) | (92,271) |
| **Net cash from financing activities** | | **119,350** | **200,410** | **84,360** | **342,626** |
| **Total cash movement for the year** | | (119,410) | (91,520) | (170,843) | 35,684 |
| Cash at the beginning of the year | | 851,546 | 943,066 | 642,067 | 606,383 |
| **Total cash at end of the year** | 36 | **732,136** | **851,546** | **471,224** | **642,067** |



* See Note 56

## Notes to the Consolidated And Separate Financial Statements

### 1. Corporate information

### 1.1 Reporting entity

Dangote Industries Limited was incorporated as a private limited liability company on 18 April 1985 and commenced business in July, 1999. Dangote Nigeria Limited owns 0.01% and Greenview International Corp. of Cayman Island owns 99.9%. However, Alhaji Aliko Dangote is the ultimate controlling party.

### 1.2 Principal activities

The Group has diverse operation and activities which include production and sale of consumable staples (sugar and salt), packaging sack and cements. Some other Group activities include warehousing and logistics, and telecommunication services, and mining of coal and granite. The Group also has ongoing projects ranging from exploration and refining of crude oil, production and sales of fertilizer, and production and of rice.

### 1.3 Going concern status

The consolidated and separate financial statements have been prepared on a going concern basis. The Directors believe that there is no intention or threat from any source to curtail significantly the Group's lines of business in the foreseeable future.

### 1.4 Financial period

These consolidated and separate financial statements cover the financial period from 1 January 2020 to 31 December 2020, with restated comparatives for year ended 2019 and 2018.

### 1.5 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) that are effective as at 31 December 2020.

### 1.6 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

Agricultural produce: Fair value less cost to sell.

Non-bearer plant biological assets: Fair value where possible and cost where it is impossible to determine the fair value.

Financial instruments: Initially measured at fair value and subsequently measured at amortised cost.

Inventories: Lower of cost and net realisable value

Defined benefits obligations: Present value of the obligation

Equity Investment: Fair value through other comprehensive income

Derivative financial assets and liabilities: Fair value

### 1.7 Functional and presentation currency

For the purpose of these financial statements, the results and financial position of the Company and its subsidiaries are expressed in Naira, which is the Group's functional and presentation currency.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## 2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate consolidated and separate financial statements are set out below.

### 2.1 Consolidation

**Basis of consolidation**

The consolidated and separate financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through its power over the entity; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-group transactions, balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transactions are regarded as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured at fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. 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.

**Investments in subsidiaries in the separate financial statements**

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

**Business combinations**

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.1 Consolidation (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains at inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured at fair value as at acquisition date. The measurement at fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. In the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

2.1.1 Goodwill

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt, which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3, Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5, Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

### 2.1 Consolidation (continued)

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

### 2.1.2 Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted prospectively as of the date that transfer of interest was effected. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The difference between the consideration paid and the net assets acquired is accounted for directly in equity

### 2.1.3 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in the subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9. When applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 2.2 Investments in associate

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

2.2 Investments in associate (continued)

Losses in an associate in excess of the Group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

2.3 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint ventures

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, interests in joint ventures are carried in the statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses. Profits or losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein.

When the company loses joint control, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Joint operations

The company recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

2.4 Biological assets

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

Fair value is measured with reference to the price in an active market at the point of harvest, adjusted for its present location and condition. Fair value changes and expenses incurred in establishing and maintaining the assets are recognised in statement of profit or loss.

2.4 Biological assets (continued)

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

2.5 Revenue from contracts with customers

The Group recognises revenue from the following major sources:

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts volume rebates, and value added tax. The Group recognises revenue when it transfers control of a product or service to a customer.

2.5.1 Revenue from sale of goods

For sales of products to the distributors, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the distributor's location if the agreement is for the Group to deliver. In case of self collection by distributors revenue is recognised when the distributor picks the products from the Group's factories or warehouses. Following delivery by the Group or self collection, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. For distributors that buy on credit, a receivable is recognised by the Group when the goods are delivered to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due

For sales of goods to end user customers, revenue is recognised when control of the goods has transferred, being at the point the customer lifts the goods from our factories if it's self collection or at the point at which the goods are delivered if the agreement is for the Group to deliver. Payment for the transaction price is done by the time goods are collected otherwise a receivable is recognised at that point. Amount related to shipping and handling whether included as part of sales price or billed separately is recorded as revenue, and costs incurred for shipping and handling are classified under "selling and distribution expenses".

2.5.2 Interest income

Finance income comprises interest income on short-term deposits with bank, dividend income, changes in the fair value of financial assets at fair value through profit or loss and foreign exchange gains.

Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5.3 Dividend income

Dividend income from investments is recognised in profit and loss when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

2.6 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any income from temporary investment of those borrowings.

2.6 Borrowing costs (continued)

- The weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.7 Translation of foreign currencies

Functional and presentation currency

The consolidated and separate financial statements are presented in Naira which is the Group functional and presentation currency. All financial information presented in Dollar has been rounded to the nearest thousand unless where otherwise stated.

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

a. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

b. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

c. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Investments in Foreign operations

In the Group's consolidated financial statements, all assets and liabilities of Group entities with a functional currency other than the Dollar are translated into Dollar upon consolidation. On consolidation, assets and liabilities have been translated using the closing rate at the reporting date. Income and expenses have been translated into Dollar at the average rate over the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences are charged/credited to other comprehensive income and recognised in currency translation reserve in equity. The exchange differences arising on the translation are taken directly to a separate component of other comprehensive income "Foreign currency translation adjustments". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recognised in equity is recognised in the consolidated statement of profit and loss.

2.8 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use or for rental to others and which are expected to be used for more than one Group.

2.8 Property, plant and equipment (continued)

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets in accordance with the Group's accounting policy and the costs of dismantling and removing the items and restoring the site on which they are located if the Group has a legal or constructive obligation. When parts of an item of property, plant and equipment have different useful lives and are individually significant in relation to total cost of an item, they are accounted for as separate items (major components) of property, plant and equipment.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at cost amounts.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Buildings | Straight line | 25 years |
| Leasehold property | Straight line | Over the lease period |
| Plant and machinery | Straight line | 10 - 15 years |
| Furniture and fixtures | Straight line | 5 years |
| Motor vehicles | Straight line | 4 years |
| IT equipment | Straight line | 3 years |
| Bearer plants | Straight line | 5 years |
| Aircraft | Straight line | 25 years |
| Boat | Straight line | 25 years |
| Power and Cements plants | Straight line | 5 - 25 years |

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment where there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Assets which the Group holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 2.9 Investment property

Investment property are properties held for long term rental yields. Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Cost model

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Property - buildings | Straight line | 50 years |

Investment property is derecognised in the event of transfer of the investment property or the disposal of the investment property. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

### 2.10 Oil and Gas Assets

Oil and natural gas expenditures are accounted for using the 'successful efforts' method of accounting. Costs are accumulated on a well by well basis.

#### Exploration and evaluation (E & E) assets

Costs directly associated with an exploration well such as exploration costs and license acquisition costs, are capitalised until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to profit or loss.

No depreciation and/or amortisation is charged during the exploration and evaluation phase. Capitalisation is made as tangible or intangible assets according to the nature of the expenditure. Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets.

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

#### Development tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells is capitalised within oil and gas properties and intangible assets.

Under the succesful efforts method, only those costs that lead directly to the discovery, acquisition, or development of specific discrete mineral reserves are capitalised and become part of the capitalised costs of the cost centre. Costs that are known to fail to meet this criterion (at the time of incurrence) are generally charged to the statement of profit or loss as an expense in the period they are incurred, although some interpretations of the successful method would also capitalise the cost of unsuccessful development wells.

### 2.11 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

**2.11 Intangible assets (continued)**

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life ranging from two to seven years. Amortisation expense is recorded in "Cost of sales" and "Selling and distribution expenses" or administrative expenses, based on the function of the underlying assets.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Exploration assets are carried at cost less any impairment losses. All costs, including overhead costs directly associated with the specific project are capitalised. The directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meet the criteria to be capitalised, the directors use information from several sources, depending on the level of exploration.

Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination. Exploration assets are not amortised as it will only be available for use once transferred to the development cost of the project.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

**2.12 Inventories**

Inventories are measured at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The basis of costing of different Inventories type are as follows:

**Raw and packaging materials:** Raw materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

**Work in progress:** Cost of work in progress includes cost of raw material, labour, production and attributable overheads based on normal operating capacity. Work in progress is valued using weighted average cost.

**Finished products:** Cost is determined using the weighted average method and includes cost of material, labour, production and attributable overheads based on normal operating capacity.

**Spare parts and consumables:** Spare parts which are expected to be fully utlised in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

### 2.12 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories includes a "right to returned goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

### 2.13 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments. On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income; or fair value through profit or loss.

Broadly, the classification possibilities, which are adopted by the Group,as applicable, are as follows:

Financial assets which are equity instruments:

- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost of FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 51 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

**Business model assessment**

The Group and Company make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

2.13 Financial instruments (continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group and Company changes its business model for managing financial assets, in which case all affected assets are reclassified on the first day of the first reporting period following the change in business model.

**Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

2.13.1 Debt instruments at amortised cost

Classification

Loans receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

2.13 Financial instruments (continued)

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment

The Group and Company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group and Company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and Company's historical experience and informed credit assessment and including forward-looking information.

The Group and Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising securities (if any held); or the financial asset is more than 90 days past due.

Write off policy

The gross carrying amount of a financial asset is written off when the Group and Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group and Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any recovery made is recognised in profit or loss.

2.13 Financial instruments (continued)

**Measurement and recognition of expected credit losses**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

## 2.13.2 Trade and other receivables

**Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 32).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

**Impairment**

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding statutory receivables and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable using a simplified impairment methodology adjusted for current conditions and forward looking information.

## 2.13.3 Investments in equity instruments

Investments in equity instruments are presented in Note 33. They Group have made an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

**Recognition and measurement**

Investments in equity instruments are recognised when the Group and Company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (and accumulated in equity in the reserve for valuation of investments). Investments in equity instruments are not subject to impairment provisions. Details of the valuation policies and processes are presented in Note 52.

Dividends received on equity investments are recognised in profit or loss when the Group's and Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in Other operating income (Note 7).

2.13 Financial instruments (continued)

2.13.4 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank

2.13.5 Borrowings and loans from related parties

Recognition and measurement

Borrowings and loans from related parties are recognised when the Group and Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (Note 13.)

Borrowings expose the Group and Company to liquidity risk and interest rate risk. Refer to Note 51 for details of risk exposure and management thereof.

2.13.6 Trade and other payables

Recognition and measurement

They are recognised when the Group and Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (Note 13).

Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk. Refer to note 51 for details of risk exposure and management thereof.

2.13.7 Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.13.8 Derivatives

The Group and Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognised when the Group and Company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Directly attributed transaction costs are also recognised in profit or loss

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

2.13 Financial instruments (continued)

### 2.13.4 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank

### 2.13.5 Borrowings and loans from related parties

Recognition and measurement

Borrowings and loans from related parties are recognised when the Group and Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (Note 13.)

Borrowings expose the Group and Company to liquidity risk and interest rate risk. Refer to Note 51 for details of risk exposure and management thereof.

### 2.13.6 Trade and other payables

Recognition and measurement

They are recognised when the Group and Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (Note 13).

Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk. Refer to note 51 for details of risk exposure and management thereof.

### 2.13.7 Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### 2.13.8 Derivatives

The Group and Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognised when the Group and Company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Directly attributed transaction costs are also recognised in profit or loss

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

## 2.13 Financial instruments (continued)

The Group and Company enters into a variety of derivative financial instruments in order to manage its exposure to foreign exchange risk and interest rate risk. Derivatives held by the Group and Company which are not in designated hedging relationships, include forward exchange contracts (Note 34).

Fair value gains or losses are included in other operating gains (losses) (Note 7 & 8). Details of the valuation policies and processes are presented in Note 52.

### 2.13.9 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 2.13.10 Derecognition

Financial assets

The Group and Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party or in which the Group and Company neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. If the Group and Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group and Company derecognises financial liabilities when, and only when, the Group and Company obligations are discharged, cancelled or they expire. The Group and Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 2.14 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

## 2.15 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Whenever such indication exists, the assets recoverable amount is estimated. The impairment is the carrying amount less the recoverable amount of the assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2.15 Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.16 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company 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.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

2.17 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

2.17 Government grants (continued)

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants related to income are presented as a credit in the profit or loss (separately).

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant.

2.18 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. The Company contribute 10% and employees 8% each of the employees' emoluments in accordance with Pension Reform Act 2014. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefits

Estimates of the Group's Defined benefit obligations are calculated periodically, in accordance with the provisions of IAS 19 - Employee Benefits, with the assistance of independent actuaries, using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Assets of the plan held by external entities to fund future benefit payments are valued at fair value at the reporting date.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)

2.18 Employee benefits (continued)

- Net interest expense
- Remeasurement (actuarial gains and losses)

The Group presents the first component of defined benefit costs in profit or loss in the line item administrative expense as ['employee benefits expense'] while net interest expense is presented as part of finance cost. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Termination benefits

Terminal benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises cost for a restructuring. If the benefits are not expected to be settled wholly within 12 months from the reporting date.

2.19 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

Restoration costs

Environmental expenditure relating to existing conditions resulting from past or current operations and from which no current or future benefit is derivable is charged to profit or loss. The Group recognises its liability on a site-by-site basis when it can be reliably estimated. This liability includes the Group's portion of the total costs and also a portion of other potentially responsible parties' costs when it is probable that they will not be able to satisfy their respective shares of the clean-up obligation. Recoveries of reimbursements are recorded as assets when virtually certain.

2.20 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares as if the bonus shares were outstanding at the beginning of earliest period presented.

Diluted earnings per share are computed by dividing adjusted net income available to shareholders of the Company by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares. Potential dilutive common shares result from stock options and convertible bonds issued by the Company on its own common shares.

## 2.21 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

### 2.21.1 Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the Group is a lessee are presented in note 20.

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 13).

#### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the right of use comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

2.21 Leases (continued)

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

2.21.2 Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 7).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the group net investment in the lease. They are presented as lease receivables (note 27) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

2.21 Leases (continued)

- the amount expected to be receivable by the group from the lessee, a party related to the lessee or a third party unrelated to the group under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note 12).

The group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

2.22 Non-current assets (disposal groups) held for sale or distribution to owners

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the Group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Classification of joint arrangements

AG Dangote Construction Limited is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, AG Dangote Construction Limited is classified as a joint venture of the Group.

Control over subsidiaries

The management of the Company have assessed whether or not the Group has control over the subsidiaries based on whether the Group has the practical ability to direct the relevant activities of each subsidiary laterally. In making their judgement, the directors considered the Group's absolute size of holding in the subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of the subsidiaries and therefore the Group has control over them.

The Company has control over subsidiaries even when more than one half of the voting rights is not acquired, but when Company governs the financial and operating policies of the entity under a statute or an agreement.

3. **Significant judgements and sources of estimation uncertainty (continued)**

**Key sources of estimation uncertainty**

**Fair value estimation**

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

**Impairment testing**

The recoverable amount of the cash generating units is determined based on a value in use calculation which uses cash flow projections based on five year projection of current year EBITDA and average cost of capital in place. The directors believe that any reasonably possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amounts to exceed the aggregate recoverable amount of the cash generating unit.

**Useful lives of property, plant and equipment**

The Group's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2020 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

**Biological assets**

The fair value of the biological asset is derived using a replacement cost approach. Management uses estimates for the costs to replace the biological asset by segmenting the assets into their various life circles less expected costs to produce and sell the sugar and molasses, which are determined by considering historical actual costs incurred on a per hector basis. The estimated selling price and costs are subject to fluctuations based on the timing of prevailing economic and market conditions as obtained from the various units directly involved in the sales and biological transformation of the assets

Growing cane is valued using the estimated yield in tons of sugarcane projected to be harvested from the existing cane roots, less estimated costs of harvest and transport. For this purpose, management is required to assess the estimated selling price, which has been adjusted for time value of money and inflation based on prevailing market and economic conditions. The carrying value of growing cane is disclosed in Note 21 of the financial statements.

## 4. New Standards and Interpretations

### 4.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

**Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7**

Temporary exceptions have been created by the IASB concerning the application of specific hedge accounting requirements as a result of the interest rate benchmark reform. These exceptions apply only to those hedging relationships which are directly affected by the reform, being those where the reform gives rise to uncertainties about:

(a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or

(b) the timing or the amount of interest rate benchmark -based cash flows of the hedged item or of the hedging instrument.

The exceptions are as follows:

(a) When determining whether a forecast transaction is highly probable, it shall be assumed that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

(b) When assessing the economic relationship between the hedged item and the hedging instrument, entities shall, in their prospective assessments, assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the reform.

(c) Entities applying IAS 39 for hedge accounting are not required to undertake the IAS 39 retrospective assessment for hedging relationships directly affected by the reform.

(d) For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at inception of such hedging relationships.

Entities shall cease applying the exceptions when the uncertainty arising from the reform is no longer present or when the hedging relationship is discontinued.

The effective date of the amendment is for years beginning on or after 1 January 2020.

The group has adopted the amendment for the first time in the 2020 consolidated and separate financial statements.

The impact of the amendment is not material.

**Definition of a business - Amendments to IFRS 3**

The amendment:

- confirmed that a business must include inputs and a processes, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs.
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The effective date of the amendment is for years beginning on or after 1 January 2020.

The group has adopted the amendment for the first time in the 2020 consolidated and separate financial statements.

The impact of the amendment is not material.

4. New Standards and Interpretations (continued)

**Presentation of Financial Statements: Disclosure initiative**

The amendment clarifies and aligns the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

Primarily, the IASB amended the definition of material in IAS 1:7. It has been replaced with the following: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The effective date of the amendment is for years beginning on or after 1 January 2020.

The group has adopted the amendment for the first time in the 2020 consolidated and separate financial statements.

The impact of the amendment has been considered in the presentation and disclosure of items in the financial statements.

**Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative**

The amendment clarifies and aligns the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

Primarily, the IASB amended the definition of material in IAS 1:7. It has been replaced with the following: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The effective date of the amendment is for years beginning on or after 1 January 2020.

The group has adopted the amendment for the first time in the 2020 consolidated and separate financial statements.

The impact of the amendment is not material.

**4.2 Standards and interpretations not yet effective**

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2021 or later periods:

**Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

**Classification of Liabilities as Current or Non-Current - Amendment to IAS 1**

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

4. New Standards and Interpretations (continued)

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

**IFRS 17 Insurance Contracts**

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 1 January 2023.

The group expects to adopt the standard for the first time in the 2023 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the group's consolidated and separate financial statements.

**Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1**

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

**Reference to the Conceptual Framework: Amendments to IFRS 3**

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

**Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9**

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate financial statements.

4. New Standards and Interpretations (continued)

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

**Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16**

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

**Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37**

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

**Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41**

"Taxation" has been removed from the list of cash flows excluded from the fair value determination of biological assets.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

**Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7**

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group expects to adopt the amendment for the first time in the 2021 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

4. New Standards and Interpretations (continued)

**Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9**

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group expects to adopt the amendment for the first time in the 2021 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

**Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16**

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group expects to adopt the amendment for the first time in the 2021 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

**COVID-19 - Related Rent Concessions - Amendment to IFRS 16**

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2021 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 1 June 2020.

The group expects to adopt the amendment for the first time in the 2021 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 N. mil | 2019 Restated N. mil | 2018 Restated N. mil | 2020 N. mil | 2019 Restated N. mil | 2018 Restated N. mil |
| **5. Revenue** | | | | | | |
| **Revenue from contracts with customers** | | | | | | |
| Sale of goods | 1,320,755 | 1,201,304 | 1,214,183 | - | - | - |
| Rendering of services | 1,214 | 4,497 | 5,355 | 6,632 | 5,702 | 5,009 |
| Construction contracts | 966 | - | - | - | - | - |
| Other revenue | 10,974 | 6,499 | 6,953 | - | - | - |
| | 1,333,909 | 1,212,300 | 1,226,491 | 6,632 | 5,702 | 5,009 |
| **Revenue other than from contracts with customers** | | | | | | |
| Rental Income | - | - | - | - | - | - |
| Dividends received | - | - | - | 243,571 | 242,674 | 165,703 |
| | - | - | - | 243,571 | 242,674 | 165,703 |
| | 1,333,909 | 1,212,300 | 1,226,491 | 250,203 | 248,376 | 170,712 |

**Disaggregation of revenue from contracts with customers**

The group disaggregates revenue from customers as follows:

| | Group 2020 N. mil | Group 2019 Restated N. mil | Group 2018 Restated N. mil | Company 2020 N. mil | Company 2019 Restated N. mil | Company 2018 Restated N. mil |
|---|---|---|---|---|---|---|
| **Sale of goods** | | | | | | |
| Sale of cement | 1,034,196 | 891,671 | 901,213 | - | - | - |
| Sale of salt | 28,010 | 23,273 | 21,685 | - | - | - |
| Sale of sugar | 214,297 | 161,086 | 150,374 | - | - | - |
| Sale of sack | 4,644 | 3,076 | 1,288 | - | - | - |
| Sale of flour | - | 76,762 | 112,352 | - | - | - |
| Sale of gas | 39 | 195 | 173 | - | - | - |
| Sale of truck | 26,718 | 34,277 | 27,098 | - | - | - |
| Sale of granites | 3,107 | 3,521 | - | - | - | - |
| Sale of coals | 9,744 | 7,443 | - | - | - | - |
| | 1,320,755 | 1,201,304 | 1,214,183 | - | - | - |
| **Rendering of services** | | | | | | |
| Administration and management fees | - | - | - | 6,632 | 5,702 | 5,009 |
| Transport services | - | 4,214 | 4,084 | - | - | - |
| Internet services | 113 | 283 | 1,271 | - | - | - |
| Car services | 1,101 | - | - | - | - | - |
| | 1,214 | 4,497 | 5,355 | 6,632 | 5,702 | 5,009 |
| **Other revenue** | | | | | | |
| Logistics and terminal operations | 10,974 | 6,499 | 6,953 | - | - | - |
| | 10,974 | 6,499 | 6,953 | - | - | - |

For the Company, revenue is earned majorly from the dividend and management fees from subsidiaries, with Dangote Cement Plc and Dangote Sugary Refinery Plc contributing 94% and 4% of the revenue respectively. All other sources contributed the remaining 2% of revenue earned as at 31 December 2020.

Management fees represents reimbursed salaries, wages and rents incurred by Dangote Industries Limited and surcharged to subsidiaries at cost plus 7.5% mark up.

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| **6. Cost of sales** | | | | | | |
| Provision of services | 5,962 | 3,709 | 2,909 | - | - | - |
| Raw materials consumed | 299,970 | 319,117 | 316,905 | - | - | - |
| Employee costs | 53,621 | 50,580 | 47,445 | 5,804 | 6,282 | 5,289 |
| Depreciation and impairment | 74,642 | 70,484 | 73,465 | - | - | - |
| Other direct costs | 223,120 | 194,574 | 202,910 | 367 | 408 | 373 |
| | 657,315 | 638,464 | 643,634 | 6,171 | 6,690 | 5,662 |
| Other direct costs comprise: | | | | | | |
| Cleaning | 27 | 17 | 9 | - | - | - |
| Consumables | 658 | 1,304 | - | - | - | - |
| Short term leases | 494 | 415 | 692 | 367 | 408 | 373 |
| Manufacturing overheads | 722 | 5,036 | 6,131 | - | - | - |
| Motor vehicle expenses | 405 | 347 | 351 | - | - | - |
| Packaging | 75 | - | - | - | - | - |
| Petrol, gas and oil | 165,387 | 140,384 | 148,053 | - | - | - |
| Quality assurance | 57 | 58 | 54 | - | - | - |
| Protective clothing | 1 | 7 | 3 | - | - | - |
| Repairs and maintenance | 31,131 | 29,606 | 30,076 | - | - | - |
| Transport, freight and storage | 7,251 | 7,977 | 6,708 | - | - | - |
| Utilities | 1,219 | 1,483 | 1,335 | - | - | - |
| Other expenses | 15,693 | 7,940 | 9,498 | - | - | - |
| | 223,120 | 194,574 | 202,910 | 367 | 408 | 373 |
| **7. Other operating income** | | | | | | |
| Fees earned | 1 | - | 1 | - | - | - |
| Rental income on investment property | - | - | - | 500 | - | - |
| Other rental income | 1,201 | 413 | 722 | - | - | - |
| Bad debts recovered | - | - | 10 | - | - | - |
| Compensation from insurance claims | 1,322 | 626 | 1,161 | - | - | 3 |
| Sundry income | 5,848 | 2,814 | 9,097 | 47 | 36 | 45 |
| Provision no longer required | 396 | 2,266 | 2,465 | 52 | - | - |
| Government grants | 472 | 242 | 2,393 | - | - | - |
| | 9,240 | 6,361 | 15,849 | 599 | 36 | 48 |

Sundry income includes export grants, freight income, income from supply of power to other companies, discount received, sale of drums and scraps.

## Notes to the Consolidated And Separate Financial Statements

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil |
| **8. Other operating gains (losses)** | | | | | | | |
| **Gains (losses) on disposals, scrappings and settlements** | | | | | | | |
| Property, plant and equipment | 19 | 13 | (14) | (106) | - | - | - |
| Gain on disposal of investments in subsidiaries | | - | - | - | - | 89,220 | - |
| | | 13 | (14) | (106) | - | 89,220 | - |
| **Foreign exchange gains (losses)** | | | | | | | |
| Net foreign exchange gains/(losses) | | 210,023 | 20,838 | (56,552) | 90,841 | 8,891 | (15,057) |
| **Fair value gains (losses)** | | | | | | | |
| Biological assets | 28 | 2,417 | (313) | (325) | - | - | - |
| **Total other operating gains (losses)** | | 212,453 | 20,511 | (56,983) | 90,841 | 98,111 | (15,057) |

In line with IAS 41, the Group values its consumable biological assets (sugar cane) at fair value less cost to sell with fair value adjustment reported in profit or loss.

Gain on disposal of investment in subsidiaries relate to profit realised on full disposal of investment in Dangote Flour Mills Plc. After the disposal, Dangote Industries Limited lost controlling interest of 75.7% in Dangote Flour Mills Plc to Olam International Limited ('Olam') on the floor of Nigeria Stock Exchange at an agreed proceed price of N24 per share.

### 9. Movement in credit loss allowances

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil |
| Trade and other receivables | 32 | 1,212 | (1,789) | (24) | - | - | - |
| Related party receivables | 32 | 525 | 401 | - | 223 | - | - |
| | | 1,737 | (1,388) | (24) | 223 | - | - |

### 10. Selling and distribution expenses (analysed by nature)

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| Depreciation of property, plant and equipment | 18,375 | 23,869 | 25,572 | - | - | - |
| Selling and marketing expenses | 18,170 | 6,530 | 5,821 | - | - | - |
| Haulage | 98,954 | 111,222 | 92,987 | - | - | - |
| | 135,499 | 141,621 | 124,380 | - | - | - |

### 11. Administrative expenses

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| Administration and management fees | - | 20 | 511 | - | - | - |
| Advertising | 1,918 | 10,729 | 5,698 | 1,806 | 2,055 | 1,540 |
| Amortisation | 371 | 578 | 169 | 3 | 4 | 131 |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| **11. Administrative expenses (continued)** | | | | | | |
| Auditors remuneration - external auditors | 927 | 851 | 806 | 38 | 33 | 33 |
| Bank charges | 6,850 | 4,254 | 4,828 | 1,379 | 819 | 1,499 |
| Cleaning | 1,235 | 157 | 312 | - | - | - |
| Commission paid | 24 | 51 | 50 | - | - | - |
| Legal and professional fees | 5,386 | 5,828 | 5,170 | 965 | 654 | 1,022 |
| Consumables | 1,420 | 294 | 96 | - | - | - |
| Depreciation | 22,009 | 25,208 | 17,240 | 590 | 485 | 478 |
| Donations | 1,136 | 1,762 | 434 | 199 | 1,649 | 64 |
| Employee costs | 69,402 | 58,426 | 51,425 | 452 | 7 | 3 |
| Entertainment | 226 | 222 | 170 | 17 | 3 | 4 |
| Head office expense | 111 | 874 | 643 | - | - | - |
| Corporate social responsibility | 10,193 | 18,943 | 16,445 | 5,710 | 14,006 | 11,237 |
| Others | 9,369 | 11,156 | 9,929 | 1,341 | 297 | 510 |
| Aircraft expenses | 2,217 | 1,415 | 1,335 | 2,217 | 1,415 | 1,335 |
| Site expenses | 2,991 | 19,307 | 3,675 | - | - | - |
| Fines and penalties | - | 761 | 367 | - | - | - |
| Gifts | 712 | 1,089 | 259 | 697 | 1,063 | 236 |
| Impairment | 3,685 | 71 | 551 | 186 | - | - |
| Insurance | 9,358 | 4,855 | 4,002 | 1,205 | 372 | 244 |
| IT expenses | 2,817 | 3,198 | 2,140 | 2,632 | 3,429 | 1,892 |
| Short term leases | 7,196 | 7,931 | 8,340 | - | - | - |
| Lease rentals on operating lease | 20 | - | - | - | - | - |
| Levies | 39 | 17 | 49 | 4 | 7 | 44 |
| Newspaper and periodicals | 68 | 73 | 56 | 36 | 21 | 21 |
| Medical expenses | 328 | 93 | 107 | - | - | - |
| Motor vehicle expenses | 7,015 | 9,139 | 802 | - | - | - |
| Municipal expenses | 1,783 | 591 | 671 | 170 | 102 | 142 |
| Printing and stationery | 101 | 199 | 147 | 91 | 124 | 44 |
| Promotions | 5,818 | 5,639 | 5,752 | - | - | - |
| Protective clothing | 3 | - | - | - | - | - |
| Repairs and maintenance | 5,408 | 4,481 | 3,619 | 217 | 445 | 239 |
| Research and development costs | 284 | 2 | 94 | - | - | 11 |
| Royalties and license fees | 235 | 194 | 46 | - | - | - |
| Secretarial fees | 233 | 113 | 171 | - | - | - |
| Security | 3,102 | 878 | 875 | 227 | 207 | 294 |
| Staff welfare | 531 | 336 | 389 | - | - | - |
| Subscriptions | 79 | 187 | 576 | 29 | 78 | 540 |
| Telephone and fax | 335 | 307 | 499 | 59 | 54 | 61 |
| Training | 662 | 913 | 1,073 | 154 | 425 | 249 |
| Transport and freight | 3,096 | 3,646 | 4,001 | 140 | 324 | 306 |
| Tavelling | 898 | 1,436 | 949 | 44 | 33 | 43 |
| | 189,591 | 206,224 | 154,471 | 20,608 | 28,111 | 22,222 |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| **12. Investment income** | | | | | | |
| Dividend income | | | | | | |
| Equity instruments at fair value through other comprehensive income: | | | | | | |
| Listed investments - local | 378 | 259 | 260 | 378 | 259 | 260 |
| Total dividend income | 378 | 259 | 260 | 378 | 259 | 260 |
| Interest income | | | | | | |
| Loans to: | | | | | | |
| Interest income on intercompany loan | - | - | - | 236,629 | 117,387 | 91,939 |
| Investments in financial assets: | | | | | | |
| Interest income on fixed deposits | 14,264 | 13,126 | 33,284 | 2,252 | 5,675 | 3,078 |
| Finance lease receivables | 2,420 | 1,150 | - | - | - | - |
| Interest income on operating account | 5,704 | 7,846 | 17,969 | 5,522 | 7,704 | 17,969 |
| Interest income on eurobond accounts | 4,277 | 1,048 | 1,359 | 4,277 | 1,048 | 1,359 |
| Interest income on open market operation | 53 | 515 | 7,452 | - | 184 | 7,314 |
| Interest income on treasury bills | 7 | 19 | 382 | - | - | - |
| Total interest income | 26,725 | 23,704 | 60,446 | 248,680 | 131,998 | 121,659 |
| Total investment income | 27,103 | 23,963 | 60,706 | 249,058 | 132,257 | 121,919 |

Finance income represents interest earned on various bank balances, short term investments and loans and other receivables.

Interest on intercompany loans relates to interest on loans granted to both subsidiaries and entities under common control (i.e. related entities other than subsidiaries).

| | | | | | | |
|---|---|---|---|---|---|---|
| **13. Finance costs** | | | | | | |
| Interest on lease liabilities | 164 | 249 | - | - | - | - |
| Interest expense on loans and overdraft | 218,491 | 181,363 | 125,737 | 170,557 | 129,643 | 82,639 |
| Total finance costs | 218,655 | 181,612 | 125,737 | 170,557 | 129,643 | 82,639 |
| Less: Capitalised to qualifying assets | (2,031) | 2,570 | - | - | - | - |
| Total finance costs expensed | 216,624 | 184,182 | 125,737 | 170,557 | 129,643 | 82,639 |

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil |

### 14. Taxation

**Major components of the tax expense (income)**

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| **Current** | | | | | | |
| Income tax | 37,429 | 50,462 | (29,045) | 4,061 | 689 | 3,757 |
| Tertiary education tax | 9,668 | 4,567 | 4,047 | 1,110 | - | - |
| | 47,097 | 55,029 | (24,998) | 5,171 | 689 | 3,757 |
| **Deferred** | | | | | | |
| Originating and reversing temporary differences | 109,492 | 3,350 | (45,305) | 35,823 | - | - |
| | 156,589 | 58,379 | (70,303) | 40,994 | 689 | 3,757 |

**Reconciliation of the tax expense**

Reconciliation between accounting profit and tax expense.

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| Profit before tax | 382,689 | 94,681 | 198,428 | 393,142 | 314,336 | 167,099 |
| Tax at the applicable tax rate of 30% (2019: 30%) | 114,807 | 28,404 | 101,585 | 117,943 | 94,301 | 50,130 |
| **Tax effect of adjustments on taxable income** | | | | | | |
| Income exempted from taxation | (94,307) | 28,434 | (167,524) | (74,483) | (94,048) | (61,892) |
| Non-deductible expenses | 909 | (180) | 15,135 | 151 | 436 | 15,519 |
| Tertiary education tax | 9,668 | - | - | 1,110 | - | - |
| Unused tax losses and offsets | 28,028 | (21,100) | (12,602) | - | - | - |
| Commencement rule | - | (20,617) | - | - | - | - |
| Different tax rates | (2,607) | - | - | - | - | - |
| Investment allowance | (6,670) | - | - | (590) | - | - |
| Deferred tax not recognised on net investment gains | 13,533 | - | - | - | - | - |
| Prior year over provision | (25,251) | - | - | (4,963) | - | - |
| Tax losses carried forward | (17,800) | 42,910 | - | - | - | - |
| Minimum tax | 516 | - | - | - | - | - |
| Others | 133,937 | 528 | (6,897) | - | - | - |
| Deferred education tax | 1,826 | - | - | 1,826 | - | - |
| | 156,589 | 58,379 | (70,303) | 40,994 | 689 | 3,757 |

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004, as amended and Education Tax Act, CAP E4, LFN 2004.

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil |
| **14. Taxation (continued)** | | | | | | |
| **Current tax payable** | | | | | | |
| 1January | 67,880 | 31,257 | 46,277 | 9,512 | 11,204 | 14,018 |
| Charge for the year | 47,097 | 55,029 | (24,998) | 5,171 | 689 | 3,757 |
| Over provision in prior year | - | - | 9,978 | - | - | - |
| payment | (35,811) | (18,406) | - | - | (2,381) | (6,571) |
| Utilisation of WHT credit notes | (7,571) | - | - | (688) | - | - |
| 31 December 2020 | 71,595 | 67,880 | 31,257 | 13,995 | 9,512 | 11,204 |
| **15. Deferred tax** | | | | | | |
| **Deferred tax liability** | | | | | | |
| Property plant and equipment | (42,032) | (9,632) | (9,601) | (39,588) | (3,764) | (3,764) |
| Other deferred tax liability | (134,079) | (100,670) | (90,480) | - | - | - |
| **Total deferred tax liability** | (176,111) | (110,302) | (100,081) | (39,588) | (3,764) | (3,764) |
| **Deferred tax asset** | | | | | | |
| Deferred tax asset | 17,679 | 60,068 | 49,970 | - | - | - |
| Deferred tax liability | (176,111) | (110,302) | (100,081) | (39,588) | (3,764) | (3,764) |
| Deferred tax asset | 17,679 | 60,068 | 49,970 | - | - | - |
| **Total net deferred tax liability** | (158,432) | (50,234) | (50,111) | (39,588) | (3,764) | (3,764) |
| **Reconciliation of deferred tax asset / (liability)** | | | | | | |
| At beginning of year | (50,234) | (50,111) | (10,919) | (3,764) | (3,764) | (3,764) |
| Decrease in tax loss available for set off against future taxable income | (109,492) | (3,350) | 45,305 | (35,824) | - | - |
| Others | 1,294 | 3,227 | (84,497) | - | - | - |
| | (158,432) | (50,234) | (50,111) | (39,588) | (3,764) | (3,764) |

The Tax authorities in various jurisdictions where the Group operate, reserve the right to audit the tax charges for the financial year ended 31 December 2020 and prior years. In cases where tax audits have been carried out and additional charges levied, we have responded to the tax authorities challenging the technical merits and made a provision we consider appropriate in line with the technical merits of issues raised by tax authorities.

## 16. Earnings per share

### Basic earnings per share

Basic earnings per share is determined by dividing profit/(loss) attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil |
| Basic earnings per share (Naira) | 66 | 24 | 128 | 176 | 157 | 82 |
| Profit (loss) for the year attributable to equity holders of the parent | 131,524 | 47,992 | 255,377 | 352,148 | 313,647 | 163,342 |
| Weighted number of shares at the end of the year ('000) | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |

Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## 17. Employee costs

The following items are included within employee benefits expense:

| | | | | | | |
|---|---|---|---|---|---|---|
| **Direct employee costs** | | | | | | |
| Basic | 45,532 | 44,630 | 42,912 | 3,230 | 3,130 | 2,832 |
| Bonus | 96 | 200 | - | 2 | 200 | - |
| Medical aid - company contributions | 13 | 77 | 113 | - | - | - |
| Other payroll levies | 50 | 44 | 36 | 44 | 39 | 32 |
| Leave pay provision charge | 556 | 395 | 327 | 221 | 240 | 196 |
| Short term benefit | 5,042 | 3,617 | 2,748 | 1,153 | 1,634 | 1,369 |
| Other short term costs | 1,659 | 1,097 | 825 | 997 | 889 | 730 |
| Post employment benefits - pension defined contribution plan | 664 | 511 | 478 | 157 | 150 | 130 |
| Termination benefits | 9 | 9 | 6 | - | - | - |
| | 53,621 | 50,580 | 47,445 | 5,804 | 6,282 | 5,289 |
| **Indirect employee costs** | | | | | | |
| Basic | 56,115 | 42,672 | 37,742 | - | - | - |
| Commissions | 3 | 3 | 3 | - | - | - |
| Bonus | 235 | 93 | 156 | - | - | - |
| Medical aid - company contributions | 485 | 21 | 24 | 452 | 7 | 3 |
| Other payroll levies | 115 | 30 | 77 | - | - | - |
| Leave pay provision charge | 131 | 85 | 43 | - | - | - |
| Short term benefit | 2,559 | 14,772 | 12,674 | - | - | - |
| Other short term costs | 2,588 | 396 | 355 | - | - | - |
| Post employment benefits - pension-defined contribution plan | 3,442 | 351 | 348 | - | - | - |
| Long-term benefits - incentive scheme | 3,713 | - | - | - | - | - |
| Termination benefits | 16 | 3 | 3 | - | - | - |
| | 69,402 | 58,426 | 51,425 | 452 | 7 | 3 |
| **Total employee costs** | | | | | | |
| Direct employee costs | 53,621 | 50,580 | 47,445 | 5,804 | 6,282 | 5,289 |
| Indirect employee costs | 69,402 | 58,426 | 51,425 | 452 | 7 | 3 |
| | 123,023 | 109,006 | 98,870 | 6,256 | 6,289 | 5,292 |

Average number of persons employed during the year

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 Number | 2019 Number | 2018 Number | 2020 Number | 2019 Number | 2018 Number |
| Management | 1,049 | 1,187 | 1,106 | 110 | 167 | 176 |
| Senior staff | 8,425 | 8,619 | 8,440 | 172 | 161 | 183 |
| Junior staff | 14,765 | 14,990 | 14,889 | 179 | 89 | 106 |
| | 24,239 | 24,796 | 24,435 | 461 | 417 | 465 |

The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:

| | | | | | | |
|---|---|---|---|---|---|---|
| N.0 - N.5,000,000 | 13,248 | 13,534 | 17,603 | 179 | 150 | 56 |
| N.5,000,001 - N.10,000,000 | 5,389 | 5,513 | 2,872 | 102 | 96 | 65 |
| N.10,000,001 - N.20,000,000 | 5,527 | 5,654 | 3,965 | 109 | 83 | 256 |
| N.20,000,001 and above | 75 | 95 | 95 | 71 | 88 | 88 |
| | 24,239 | 24,796 | 24,535 | 461 | 417 | 465 |

18. Directors' emoluments

| | | | | | | |
|---|---|---|---|---|---|---|
| Short term benefits: | | | | | | |
| Executive compensation | 2,797 | 1,895 | 2,154 | 1,009 | 716 | 693 |
| Highest paid director | 448 | 429 | 429 | 240 | 200 | 200 |
| | Group | | | Company | | |
| | 2020 Number | 2019 Number | 2018 Number | 2020 Number | 2019 Number | 2018 Number |
| Number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was: | | | | | | |
| Below N.20,000,000 | 3 | 19 | 18 | - | - | - |
| Above N.20,000,000 | 24 | 15 | 15 | 11 | 9 | 9 |
| | 27 | 34 | 33 | 11 | 9 | 9 |

## Notes to the Consolidated And Separate Financial Statements



19. Property, plant and equipment

Group

| | Land | Buildings | Leasehold property | Plant and machinery | Furniture and fixtures | Motor vehicles | Office equipment | IT equipment | Mines equipment | Restoration cost | Bearer plants | Aircraft | Boats | Capital - Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| **Cost** | | | | | | | | | | | | | | | |
| At 1 January 2019 | 1,615 | 261,493 | 9,488 | 1,168,960 | 14,421 | 215,704 | 9,417 | 3,645 | - | - | 4,071 | 27,088 | 4,156 | 1,481,984 | 3,202,042 |
| Additions | 357 | 2,190 | 1,216 | 33,610 | 1,103 | 18,036 | 930 | 881 | 140 | - | 1,536 | 9,740 | - | 1,028,634 | 1,098,373 |
| Disposals and scrappings | - | (1) | - | (1,698) | - | (2,836) | (3) | - | - | - | - | - | - | (785) | (5,323) |
| Transfers | - | (43) | - | (1,433) | - | - | - | - | - | - | - | - | - | (27,706) | (29,182) |
| Transfers (to) and from intangible assets | - | - | - | 1,991 | - | - | - | - | - | - | - | - | - | - | 1,991 |
| Write-off | - | - | - | - | - | - | - | - | - | - | - | - | - | (531) | (531) |
| Reclassifications | - | (3,078) | - | 13,543 | 811 | 44,183 | - | - | - | - | - | - | - | (55,459) | - |
| Foreign exchange movements | - | (3,510) | - | (19,266) | (114) | (5,091) | - | - | - | - | - | - | - | 28,197 | 216 |
| Impairment | - | - | - | - | (1) | - | - | - | - | - | - | - | - | (70) | (71) |
| **At 31 December 2019** | 1,972 | 257,051 | 10,704 | 1,195,707 | 16,220 | 269,996 | 10,344 | 4,526 | 140 | - | 5,607 | 36,828 | 4,156 | 2,454,264 | 4,267,515 |
| Additions | 113 | 13,491 | 219 | 47,224 | 43 | 5,562 | 151 | 2,766 | - | 1,689 | 2,034 | 254 | - | 1,003,825 | 1,077,371 |
| Disposal | - | - | - | (63) | - | (7,152) | - | - | - | - | - | - | (1,880) | - | (9,095) |
| Write off | - | - | (706) | (85) | (6) | (18) | - | - | - | - | - | - | - | (130) | (945) |
| Reclassifications | (108) | 175 | 559 | 54,025 | 638 | 28,789 | (1,120) | (3,424) | - | - | - | - | - | (79,534) | - |
| Foreign exchange movements | - | 18,175 | - | 28,948 | 933 | 5,491 | - | 87 | - | - | - | - | 431 | 394,426 | 448,491 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | - | - | (3,685) | (3,685) |
| **At 31 December 2020** | 1,977 | 288,892 | 10,776 | 1,325,756 | 17,828 | 302,668 | 9,375 | 3,955 | 140 | 1,689 | 7,641 | 37,082 | 2,707 | 3,769,166 | 5,779,652 |
| **Depreciation and impairment** | | | | | | | | | | | | | | | |
| At 1 January 2019 | - | (39,668) | (244) | (308,336) | (9,120) | (145,575) | (6,258) | (3,200) | - | - | (1,844) | (6,502) | (3,341) | - | (524,088) |
| Disposals | - | - | - | 20 | - | 770 | - | - | - | - | - | - | - | - | 790 |
| Transfers from intangible assets | - | - | - | (238) | - | - | - | - | - | - | - | - | - | - | (238) |
| Reclassifications | - | (4,638) | (35) | 19,201 | (1,150) | (13,937) | (1,135) | (11) | 1,625 | - | (913) | 994 | (1) | - | - |
| Depreciation | - | (4,421) | (191) | (78,481) | (675) | (26,858) | (48) | (263) | (1,765) | - | - | (3,380) | (843) | - | (116,925) |
| Foreign exchange movements | - | 612 | - | 718 | 52 | 3,982 | - | - | - | - | - | - | - | - | 5,364 |
| **At 31 December 2019** | - | (48,115) | (470) | (367,116) | (10,893) | (181,618) | (7,441) | (3,474) | (140) | - | (2,757) | (8,888) | (4,185) | - | (635,097) |

## Notes to the Consolidated And Separate Financial Statements

19. Property, plant and equipment (continued)

| | Land | Buildings | Leasehold property | Plant and machinery | Furniture and fixtures | Motor vehicles | Office equipment | IT equipment | Mines equipment | Restoration cost | Bearer plants | Aircraft | Boats | Capital - Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| At 1 January 2020 | - | (48,115) | (470) | (367,116) | (10,893) | (181,618) | (7,441) | (3,474) | (140) | - | (2,757) | (8,888) | (4,185) | - | (635,097) |
| Disposals | - | - | - | 63 | - | 7,148 | - | - | - | - | - | - | - | - | 7,211 |
| Write off | - | - | 255 | 52 | 4 | (100) | - | - | - | - | - | - | - | - | 211 |
| Reclassifications | - | 2,633 | (235) | (11,737) | 534 | 5,968 | 1,851 | 335 | 1,339 | (13) | - | (1,085) | 410 | - | - |
| Depreciation | - | (10,633) | (332) | (61,068) | (2,117) | (33,423) | (1,279) | (205) | (633) | (138) | (1,977) | (710) | (447) | - | (112,962) |
| Foreign exchange movements | - | (2,690) | - | 31,895 | (485) | (1,914) | - | (75) | (706) | - | - | - | (1,164) | - | 24,861 |
| **At 31 December 2020** | - | (58,805) | (782) | (407,911) | (12,957) | (203,939) | (6,869) | (3,419) | (140) | (151) | (4,734) | (10,683) | (5,386) | - | (715,776) |
| **Carrying amount** | | | | | | | | | | | | | | | |
| Cost | 1,615 | 261,493 | 9,488 | 1,168,960 | 14,421 | 215,704 | 9,417 | 3,645 | - | - | 4,071 | 27,088 | 4,156 | 1,481,984 | 3,202,042 |
| Accumulated depreciation and impairment | - | (39,668) | (244) | (308,336) | (9,120) | (145,575) | (6,258) | (3,200) | - | - | (1,844) | (6,502) | (3,341) | - | (524,088) |
| **At 31 December 2018** | 1,615 | 221,825 | 9,244 | 860,624 | 5,301 | 70,129 | 3,159 | 445 | - | - | 2,227 | 20,586 | 815 | 1,481,984 | 2,677,954 |
| Cost | 1,972 | 257,051 | 10,704 | 1,195,707 | 16,220 | 269,996 | 10,344 | 4,526 | 140 | - | 5,607 | 36,828 | 4,156 | 2,454,264 | 4,267,515 |
| Accumulated depreciation and impairment | - | (48,115) | (470) | (367,116) | (10,893) | (181,618) | (7,441) | (3,474) | (140) | - | (2,757) | (8,888) | (4,185) | - | (635,097) |
| **At 31 December 2019** | 1,972 | 208,936 | 10,234 | 828,591 | 5,327 | 88,378 | 2,903 | 1,052 | - | - | 2,850 | 27,940 | (29) | 2,454,264 | 3,632,418 |
| Cost | 1,977 | 288,892 | 10,776 | 1,325,756 | 17,828 | 302,668 | 9,375 | 3,955 | 140 | 1,689 | 7,641 | 37,082 | 2,707 | 3,769,166 | 5,779,652 |
| Accumulated depreciation and impairment | - | (58,805) | (782) | (407,911) | (12,957) | (203,939) | (6,869) | (3,419) | (140) | (151) | (4,734) | (10,683) | (5,386) | - | (715,776) |
| **At 31 December 2020** | 1,977 | 230,087 | 9,994 | 917,845 | 4,871 | 98,729 | 2,506 | 536 | - | 1,538 | 2,907 | 26,399 | (2,679) | 3,769,166 | 5,063,876 |

## Notes to the Consolidated And Separate Financial Statements



19. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company

| | Leasehold property | Plant and machinery | Furniture and fixtures | Motor vehicles | Office equipment | IT equipment | Aircraft | Boats | Capital - Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| At 1 January 2019 | 3,434 | 138 | 368 | 1,297 | 12 | 440 | 6,783 | 926 | 8,222 | 21,620 |
| Additions | 451 | 17 | 20 | 39 | - | 226 | - | - | 6,702 | 7,455 |
| Write-off | - | - | - | - | - | - | - | - | (531) | (531) |
| **At 31 December 2019** | **3,885** | **155** | **388** | **1,336** | **12** | **666** | **6,783** | **926** | **14,393** | **28,544** |
| Additions | - | 45 | 5 | 158 | 2 | 32 | - | - | 9,071 | 9,313 |
| Disposals and scrappings | - | - | - | (171) | - | - | - | - | - | (171) |
| Transfers (to) and from investment property | (3,000) | - | - | - | - | - | - | - | - | (3,000) |
| Reclassifications | - | 50 | - | - | - | - | 19,279 | - | (19,329) | - |
| Write-off | (451) | - | - | - | - | - | - | - | (130) | (581) |
| **At 31 December 2020** | **434** | **250** | **393** | **1,323** | **14** | **698** | **26,062** | **926** | **4,005** | **34,105** |
| At 1 January 2019 | (17) | (74) | (313) | (1,213) | (12) | (355) | (2,374) | (201) | - | (4,559) |
| Transfers | - | - | (1) | - | - | - | - | - | - | (1) |
| Depreciation | (35) | (16) | (21) | (46) | - | (58) | (271) | (38) | - | (485) |
| **At 31 December 2019** | **(52)** | **(90)** | **(335)** | **(1,259)** | **(12)** | **(413)** | **(2,645)** | **(239)** | **-** | **(5,045)** |
| Disposals | - | - | - | 171 | - | - | - | - | - | 171 |
| Depreciation | - | (25) | (19) | (42) | - | (104) | (272) | (38) | - | (500) |
| Write-off | 52 | - | - | - | - | - | - | - | - | 52 |
| **At 31 December 2020** | **-** | **(115)** | **(354)** | **(1,130)** | **(12)** | **(517)** | **(2,917)** | **(277)** | **-** | **(5,322)** |
| Carrying amount | | | | | | | | | | |
| Cost | 3,434 | 138 | 368 | 1,297 | 12 | 440 | 6,783 | 926 | 8,222 | 21,620 |
| Accumulated depreciation and impairment | (17) | (74) | (313) | (1,213) | (12) | (355) | (2,374) | (201) | - | (4,559) |
| **At 31 December 2018** | **3,417** | **64** | **55** | **84** | **-** | **85** | **4,409** | **725** | **8,222** | **17,061** |

## Notes to the Consolidated And Separate Financial Statements



19. Property, plant and equipment (continued)

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Cost | 3,885 | 155 | 388 | 1,336 | 12 | 666 | 6,783 | 926 | 14,393 | 28,544 |
| Accumulated depreciation and impairment | (52) | (90) | (335) | (1,259) | (12) | (413) | (2,645) | (239) | - | (5,045) |
| **At 31 December 2019** | **3,833** | **65** | **53** | **77** | **-** | **253** | **4,138** | **687** | **14,393** | **23,499** |
| Cost | 434 | 250 | 393 | 1,323 | 14 | 698 | 26,062 | 926 | 4,005 | 34,105 |
| Accumulated depreciation and impairment | - | (115) | (354) | (1,130) | (12) | (517) | (2,917) | (277) | - | (5,322) |
| **At 31 December 2020** | **434** | **135** | **39** | **193** | **2** | **181** | **23,145** | **649** | **4,005** | **28,783** |

Borrowing cost capitalised to property, plant and equipment for the Group was N2.03 billion (2019: N2.57 billion) calculated at an average interest rate of 7.5% and 10.87% respectively.

Reclassifications - Represents transfer from capital work in progress to various classes of assets

Transfers - Represents assets transferred to related parties and cost of completed software's now transferred to intangible assets.

Impairments - Represents write-off and impairment on damaged motor trucks and plant & machinery charged to profit or loss.

Assets pledged - Some borrowings are secured by a debenture on all the fixed and floating assets of the Group.

At 31 December 2020, the Group had contractual commitments for the acquisition of property, plant and equipment of N127.67 billion (2019: N209.19 billion).

## 20. Right of Use Assets (Group as Lessee)

| | Buildings<br>N. mil | Plant and machinery<br>N. mil | Motor vehicles<br>N. mil | Total<br>N. mil |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2019 | 16,149 | 283 | 1,129 | 17,561 |
| Additions | 386 | 86 | 90 | 562 |
| Disposals and scrappings | - | (72) | (98) | (170) |
| Foreign exchange movements | (270) | 7 | 26 | (237) |
| **At 31 December 2019** | **16,265** | **304** | **1,147** | **17,716** |
| 1 January 2020 | 16,265 | 304 | 1,147 | 17,716 |
| Additions | 1,406 | 613 | 37 | 2,056 |
| Foreign exchange movements | 885 | 177 | 238 | 1,300 |
| Write off | (324) | - | - | (324) |
| **At 31 December 2020** | **18,232** | **1,094** | **1,422** | **20,748** |
| **Depreciation and impairment** | | | | |
| At 1 January 2019 | - | - | - | - |
| Transfers (from) property, plant and equipment | (3) | - | - | (3) |
| Depreciation | (2,118) | (135) | (383) | (2,636) |
| **At 31 December 2019** | **(2,121)** | **(135)** | **(383)** | **(2,639)** |
| At 1 January 2020 | (2,121) | (135) | (383) | (2,639) |
| Depreciation | (1,554) | (257) | (253) | (2,064) |
| Foreign exchange movements | (1,247) | (76) | (125) | (1,448) |
| Write off | 324 | - | - | 324 |
| **At 31 December 2020** | **(4,598)** | **(468)** | **(761)** | **(5,827)** |
| **Carrying amount** | | | | |
| Cost | 16,265 | 304 | 1,147 | 17,716 |
| Accumulated depreciation and impairment | (2,121) | (135) | (383) | (2,639) |
| **At 31 December 2019** | **14,144** | **169** | **764** | **15,077** |
| Cost | 18,232 | 1,094 | 1,422 | 20,748 |
| Accumulated depreciation and impairment | (4,598) | (468) | (761) | (5,827) |
| **At 31 December 2020** | **13,634** | **626** | **661** | **14,921** |

## 21. Investment property

**Reconciliation of investment property - Company**

| | Investment property<br>N. mil |
|---|---|
| **Cost** | |
| 1 January 2020 | - |
| Transfers from property, plant and equipment | 3,000 |
| **At 31 December 2020** | **3,000** |
| **Depreciation and impairment** | |
| At 1 January 2020 | - |
| Depreciation | (90) |
| **At 31 December 2020** | **(90)** |
| **Carrying amount** | |
| **At 31 December 2020** | **2,910** |

## 21. Investment property (continued)

The Group applies the cost model in accounting for its investment property.

**Details of property**

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 N. mil | 2019 N. mil | 2018 N. mil | 2020 N. mil | 2019 N. mil | 2018 N. mil |
| Property at 10 Mobil Road, Apapa, Lagos | - | - | - | 3,000 | - | - |

Investment property comprise of commercial properties (land and building) leased to related party. The lease contains the lease period as well as the rental charge for the duration of the lease. Rental income earned by the Group amounted to N333 million).

This investment property is occupied by Nascon Allied Industries Plc (a subsidiary of the Group). In line with IAS 40, this investment property has been reclassified to property plant and equipment in the consolidated financial statements.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

**Details of valuation**

The fair value of the Group's investment property as at 31 December 2020 was N4.82 billion. The fair value of the Group's investment property has been arrived at on the basis of valuation carried out on the respective date by Messrs. Etudo & Company Independent Valuer (FRC registration number: FRC/2014/NIESV/00000007934), not related to the Group. Messrs, Etudo & Company is a member of the Nigeria Institute of Estate Surveyors and Valuers. The fair value was determined based on the market comparable approach that reflects the recent transaction price of similar properties within a reasonable time frame.

The market survey carried out by the valuer revealed that industrial properties of this nature seldom change hand where the property is located. Also, there was no data on recent sale or rental of similar properties. This necessitated the adoption of the Depreciated Replacement Cost method.

The land and building was fair valued in the open market using the Depreciated Replacement Cost method of valuation, this method seeks to equate the market value of a property to the value of the site plus the current cost of erecting the building(s) and other infrastructural facilities on it, including professional fees and finance costs less allowance for passage of time.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower)/fair value of the properties.

These assumptions are based on current market conditions.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and average land value per square meter.

22. Intangible assets

Group

| | License - Investment in OML 71/72Licenses and franchises N. mil | Computer software N. mil | Exploration assets N. mil | Total N. mil |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2019 | 125,984 | 7,473 | 6,045 | 139,502 |
| Additions | - | 103 | 117 | 220 |
| Transfers | - | - | (1,991) | (1,991) |
| Foreign exchange movements | - | (319) | (47) | (366) |
| **At 31 December 2019** | **125,984** | **7,257** | **4,124** | **137,365** |
| Additions | - | 527 | 298 | 825 |
| Disposals and retirements | - | - | - | - |
| Transfers | - | - | 851 | 851 |
| Foreign exchange movements | 28,774 | 525 | 1,358 | 30,657 |
| Write off | - | (376) | (1,606) | (1,982) |
| **At 31 December 2020** | **154,758** | **7,933** | **5,025** | **167,716** |
| **Depreciation and impairment** | | | | |
| At 1 January 2019 | - | (5,371) | (223) | (5,594) |
| Transfers | - | - | 238 | 238 |
| Amortisation | - | (475) | (103) | (578) |
| Foreign exchange movements | - | (60) | 8 | (52) |
| **At 31 December 2019** | **-** | **(5,906)** | **(80)** | **(5,986)** |
| Transfers | - | - | 143 | 143 |
| Amortisation | - | (311) | (60) | (371) |
| Foreign exchange movements | - | (332) | (265) | (597) |
| Write off | - | 304 | - | 304 |
| **At 31 December 2020** | **-** | **(6,245)** | **(262)** | **(6,507)** |
| **Carrying amount** | | | | |
| Cost | 125,984 | 7,473 | 6,045 | 139,502 |
| Accumulated depreciation and impairment | - | (5,371) | (223) | (5,594) |
| **At 31 December 2018** | **125,984** | **2,102** | **5,822** | **133,908** |
| Cost | 125,984 | 7,257 | 4,124 | 137,365 |
| Accumulated depreciation and impairment | - | (5,906) | (80) | (5,986) |
| **At 31 December 2019** | **125,984** | **1,351** | **4,044** | **131,379** |
| Cost | 154,758 | 7,933 | 5,025 | 167,716 |
| Accumulated depreciation and impairment | - | (6,245) | (262) | (6,507) |
| At 31 December 2020 | 154,758 | 1,688 | 4,763 | 161,209 |

## 22. Intangible assets (continued)

### Company

| | Computer software N. mil | Total N. mil |
|---|---|---|
| **Cost** | | |
| At 1 January 2019 | 1,533 | 1,533 |
| Additions | - | - |
| **At 31 December 2019** | **1,533** | **1,533** |
| Additions | - | - |
| **At 31 December 2020** | **1,533** | **1,533** |
| **Depreciation and impairment** | | |
| At 1 January 2019 | (1,519) | (1,519) |
| Amortisation | (4) | (4) |
| **At 31 December 2019** | **(1,523)** | **(1,523)** |
| Amortisation | (3) | (3) |
| **At 31 December 2020** | **(1,526)** | **(1,526)** |
| **Carrying amount** | | |
| Cost | 1,533 | 1,533 |
| Accumulated amortisation and impairment | (1,519) | (1,519) |
| At 31 December 2018 | 14 | 14 |
| Cost | 1,533 | 1,533 |
| Accumulated amortisation and impairment | (1,523) | (1,523) |
| At 31 December 2019 | 10 | 10 |
| Cost | 1,533 | 1,533 |
| Accumulated amortisation and impairment | (1,526) | (1,526) |
| At 31 December 2020 | 7 | 7 |

### Other information

Intangible assets (computer software) represent software which have useful life of 3 years and amortised on a straight line basis over these years.

There are no development expenditure capitalised as internally generated intangible asset.

### Contractual commitments

As at 31 December 2020, there were no contractual commitments to obtain intangible assets.

## 23. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Company

| Name of company | Carrying amount 2020 N. mil | Carrying amount 2019 N. mil | Carrying amount 2018 N. mil |
|---|---|---|---|
| Dangote Oil and Gas Limited | 5 | 5 | 5 |
| Integrated Steels Plc | 2,482 | 2,482 | 2,482 |
| DIL Power Limited | 98 | 98 | 98 |
| Dangote Global Services Limited | 210 | 210 | 210 |
| Dangote Agro sacks Limited | 7,554 | 7,554 | 7,554 |
| Greenview Development Nigeria Limited | 1 | 1 | 1 |
| Dancom Technologies Limited | 8 | 8 | 8 |
| Dangote Rice Limited | 99 | 99 | 99 |
| Dangote Cement Plc | 78,721 | 78,721 | 62,331 |
| Dangote Aviation Services Limited | 400 | 400 | 400 |
| NASCON Allied Industries Plc | 971 | 971 | 971 |
| Dangote Sugar Refinery Plc | 7,763 | 7,763 | 7,763 |
| Dangote Flour Mills Plc | - | - | 670 |
| WAEP Cooperative (Twister B.V.) | 2,040 | 2,040 | 2,040 |
| Dangote Sinotruck West Africa Limited | 65 | 65 | 65 |
| Dangote Coal Mines Limited | 1 | 1 | 1 |
| Dangote Dairies Limited | 1 | 1 | - |
| Dangote Tomato Farms Limited | 99 | 99 | - |
| Dangote Soyabeans Farms Limited | 99 | 99 | - |
| Dangote Wheat Farms Limited | 99 | 99 | - |
| Dangote Peugeot Automobile Nigeria Limited | 1,785 | 1,785 | - |
| Dangote Oil Refining Company Limited | 475 | 475 | 474 |
| Dangote Fertilizer Limited | 98 | 98 | 98 |
| AG Dangote Constructions Limited | 556 | - | - |
| | 103,630 | 103,074 | 85,270 |
| Impairment of investment in subsidiaries | (2,605) | (2,258) | (2,258) |
| | 101,025 | 100,816 | 83,012 |

## 23. Interests in subsidiaries including consolidated structured entities (continued)

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

| Subsidiaries | Country of Incorporation | Principal activities | Shareholding (%) 2020 | 2019 |
|---|---|---|---|---|
| **Direct interest** | | | | |
| Dangote Fertilizer Limited | Nigeria | Manufacturer of fertilizers | 9.80 % | 9.80 % |
| Dangote Oil Refining Company Limited | Nigeria | Exploration, production and refining of petroleum products | 9.50 % | 9.50 % |
| AG-Dangote Construction Limited | Nigeria | Construction | 100.00 % | - % |
| Dangote Sugar Refinery Plc | Nigeria | Manufacturing of sugar | 68.00 % | 68.00 % |
| WAEP Cooperative (Twister B.V.) | Netherlands | Gas provider | 90.00 % | 90.00 % |
| NASCON Allied industries Plc | Nigeria | Manufacturer of salt | 62.19 % | 62.19 % |
| Dangote Cement Plc | Nigeria | Manufacturer of cement | 85.80 % | 85.75 % |
| Integrated Steel Plc | Nigeria | Manufacturer of steel | 99.00 % | 99.00 % |
| Dancom Technologies Limited | Nigeria | Provider of telecom services | 79.00 % | 79.00 % |
| DIL Power Limited | Nigeria | Provider of power | 98.00 % | 98.00 % |
| Greenview Development Nigeria Limited | Nigeria | Provision of warehousing and logistic services | 48.75 % | 48.75 % |
| Dangote Oil and Gas Limited | Nigeria | Exploration and production of petroleum products | 20.00 % | 20.00 % |
| Dangote Global Services Limited | United Kingdom | Provision of support services | 100.00 % | 100.00 % |
| Dangote Coal Mines Limited | Nigeria | Exploration and production of coal | 99.00 % | 99.00 % |
| Dangote Aviation services Limited | Nigeria | Provision of aviation services | 80.00 % | 80.00 % |
| Dangote Rice Limited | Nigeria | Growing, refining, selling & distribution of rice | 99.00 % | 99.00 % |
| Dangote Agro sacks Limited | Nigeria | Manufacturing of sacks and agro-allied | 99.00 % | 99.00 % |
| Dangote Sinotruk West Afrca Limited | Nigeria | Assemblage and sale of truck | 65.00 % | 65.00 % |
| Dangote Granite mine Limited | Nigeria | Mining and sale of granites | 99.00 % | 99.00 % |
| Dangote Dairies Limited | Nigeria | Selling & distribution of dairies | 99.00 % | 99.00 % |
| Dangote Tomato Farms Limited | Nigeria | Growing and selling of tomatoes | 99.00 % | 99.00 % |
| Dangote Soyabeans Limited | Nigeria | Growing and selling of soyabeans | 99.00 % | 99.00 % |
| Dangote Wheat Farms Limited | Nigeria | Growing and selling of wheat | 99.00 % | 99.00 % |
| Dangote Peugeot Automobile Nigeria Limited | Nigeria | Assemblage and sale of cars | 51.00 % | 51.00 % |
| **Indirect** | | | | |
| Savannah Sugar Company Limited | Nigeria | Manufacturing of sugar | | 43.88% |
| Sephaku Cement Limited | South Africa | Clinker and cement production | 62.13% | 62.13% |
| Dangote Industries (Ethiopia) Plc | Ethiopia | Cement production | 74.83 % | 74.83 % |
| Dangote Industries (Zambia) Limited | Zambia | Cement production | 64.54 % | 64.54 % |
| Dangote Cement Senegal S.A | Senegal | Cement production | 77.45 % | 77.45 % |
| Dangote Cement Cameroun S.A | Cameroun | Cement grinding | 68.84% | 68.84% |
| Dangote Industries Limited, Tanzania | Tanzania | Cement production | 60.24% | 60.24% |
| Dangote Cement Congo S.A | Congo | Cement production | 86.05% | 86.05% |
| Dangote Cement (Sierra Leone) Limited | Sierra Leone | Bagging and distribution of cement | 85.71% | 85.71% |
| Dangote Cement Cote D'Ivoire S.A | Cote D'Ivoire | Bagging and distribution of cement | 68.84% | 68.84% |
| Dangote Industries Gabon S.A | Gabon | Cement production | 68.84% | 68.84% |
| Dangote Cement Ghana Limited | Ghana | Bagging and distribution of cement | 86.05% | 86.05% |
| Dangote Cement Liberia Limited | Liberia | Bagging and distribution of cement | 86.05% | 86.05% |
| Dangote Cement Marketing Senegal S.A | Senegal | Selling and Distribution | 86.05% | 86.05% |
| Dangote Exploration and Assets Limited | Nigeria | Exploration and production of petroleum products | 99.00 % | 99.00 % |
| West African Exploration and Production Limited | Nigeria | Exploration and production of petroleum products | 80.00 % | 80.00 % |
| Obajana Agro Sacks Limited | Nigeria | Manufacturing of Sacks and Agro-Allied | 74.25 % | 74.25 % |
| Dangote Petroleum Refinery and Petrochemicals FZE | Nigeria | Exploration and production of petroleum products | 100 % | 100 % |

* Savannah Sugar Limited was merged with Dangote Sugar Refinery Limited during the 2019 reporting year.

## 23. Interests in subsidiaries including consolidated structured entities (continued)

**Restrictions relating to subsidiaries**

There are no significant restrictions on the Company's or its subsidiaries' ability to access or use its assets to settle the liabilities of the Group.

**Subsidiaries with material non-controlling interests**

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to intercompany eliminations.

| Subsidiary | Country of incorporation | % Ownership interest held by non-controlling interest 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Dangote Oil and Gas Limited | Nigeria | 80.00 % | 80.00 % | 80.00 % |
| Greenview Development Nigeria Limited | Nigeria | 51.25 % | 51.25 % | 51.25 % |
| NASCON Allied Industries Plc | Nigeria | 37.81 % | 37.81 % | 37.81 % |
| Dangote Sugar Refinery Plc | Nigeria | 32.00 % | 32.00 % | 32.00 % |
| Dangote Sinotruk West Africa Limited | Nigeria | 35.00 % | 35.00 % | 35.00 % |
| Dangote Oil Refining Company Limited | Nigeria | 90.50 % | 90.50 % | 90.50 % |
| Dangote Fertilizer Limited | Nigeria | 90.20 % | 90.20 % | 90.20 % |

2020

| Summarised statement of financial position | Non current assets N. mil | Current assets N. mil | Total assets N. mil | Non current liabilities N. mil | Current liabilities N. mil | Total liabilities N. mil |
|---|---|---|---|---|---|---|
| Dangote Oil and Gas Limited | 4,683 | 35,956 | 40,639 | - | 40,497 | 40,497 |
| Greenview Development Nigeria Limited | 16,429 | 4,617 | 21,046 | 172 | 6,020 | 6,192 |
| NASCON Allied Industries Plc | 20,398 | 23,911 | 44,309 | 6,068 | 25,522 | 31,590 |
| Dangote Sugar Refinery Plc | 101,734 | 176,299 | 278,033 | 11,271 | 142,049 | 153,320 |
| Dangote Sinotruk West Africa Limited | 1,283 | 116,235 | 117,518 | 159 | 116,613 | 116,772 |
| Dangote Oil Refining Company Limited | 3,336,570 | 809,237 | 4,145,807 | 2,768,920 | 233,929 | 3,002,849 |
| Dangote Fertilizer Limited | 549,571 | 55,029 | 604,600 | 18,964 | 215,974 | 234,938 |
| Total | 4,030,668 | 1,221,284 | 5,251,952 | 2,805,554 | 780,604 | 3,586,158 |

The difference between the carrying amount of non-controlling interest and the non-controlling interest's proportionate share of the net assets of the subsidiary is represented by goodwill.

| Summarised statement of profit or loss and other comprehensive income | Revenue N. mil | Profit/(loss) before tax N. mil | Tax expense N. mil | Profit (loss) N. mil | Other comprehensive income N. mil | Total comprehensive income N. mil |
|---|---|---|---|---|---|---|
| Dangote Oil and Gas Limited | 48 | 44 | (10) | 34 | - | 34 |
| Greenview Development Nigeria Limited | 5,633 | 44 | 73 | 117 | - | 117 |
| NASCON Allied Industries Plc | 28,010 | 3,907 | (1,217) | 2,690 | - | 2,690 |
| Dangote Sugar Refinery Plc | 214,298 | 45,622 | (15,847) | 29,775 | - | 29,775 |
| Dangote Sinotruk West Africa Limited | 27,819 | 482 | - | 482 | - | 482 |
| Dangote Oil Refining Company Limited | - | 64,155 | - | 64,155 | 148,485 | 212,640 |
| Dangote Fertilizer Limited | - | (18,928) | - | (18,928) | - | (18,928) |
| Total | 275,808 | 95,326 | (17,001) | 78,325 | 148,485 | 226,810 |

23. Interests in subsidiaries including consolidated structured entities (continued)

2019

| Summarised statement of financial position | Non current assets N. mil | Current assets N. mil | Total assets N. mil | Non current liabilities N. mil | Current liabilities N. mil | Total liabilities N. mil |
|---|---|---|---|---|---|---|
| Dangote Oil and Gas Limited | 4,683 | 12,109 | 16,792 | 6,040 | 19,641 | 25,681 |
| Greenview Development Nigeria Limited | 834 | 20,765 | 21,599 | 12 | 6,343 | 6,355 |
| NASCON Allied Industries Plc | 18,815 | 19,854 | 38,669 | 8,837 | 18,742 | 27,579 |
| Dangote Sugar Refinery Plc | 93,438 | 100,268 | 193,706 | 8,030 | 77,539 | 85,569 |
| Dangote Sinotruk West Africa Limited | 962 | 62,740 | 63,702 | - | 62,534 | 62,534 |
| Dangote Oil Refining Company Limited | 1,908,593 | 739,092 | 2,647,685 | 1,790,705 | 171,299 | 1,962,004 |
| Dangote Fertilizer Limited | 569,075 | 53,079 | 622,154 | 25,565 | 255,865 | 281,430 |
| **Total** | 2,596,400 | 1,007,907 | 3,604,307 | 1,839,189 | 611,963 | 2,451,152 |

| Summarised statement of profit or loss and other comprehensive income | Revenue N. mil | Profit before tax N. mil | Tax expense N. mil | Profit (loss) N. mil | Other comprehensive income N. mil | Total comprehensive income N. mil |
|---|---|---|---|---|---|---|
| Dangote Oil and Gas Limited | 19 | 17 | - | 17 | - | 17 |
| Greenview Development Nigeria Limited | 3,650 | 1,567 | - | 1,567 | - | 1,567 |
| NASCON Allied Industries Plc | 27,488 | 2,769 | (924) | 1,845 | - | 1,845 |
| Dangote Sugar Refinery Plc | 161,086 | 29,820 | (7,459) | 22,361 | - | 22,361 |
| Dangote Sinotruk West Africa Limited | 34,277 | 1,118 | - | 1,118 | - | 1,118 |
| Dangote Oil Refining Company Limited | - | (47,914) | - | (47,914) | (93,051) | (140,965) |
| Dangote Fertilizer Limited | - | (4,233) | - | (4,233) | - | (4,233) |
| **Total** | 226,520 | (16,856) | (8,383) | (25,239) | (93,051) | (118,290) |

## 24. Joint arrangements

### Joint ventures

#### Group

| Name of company | % ownership interest 2020 | % ownership interest 2019 | % ownership interest 2018 | Carrying amount 2020 | Carrying amount 2019 | Carrying amount 2018 |
|---|---|---|---|---|---|---|
| AG - Dangote Construction Company Ltd | - % | 50.00 % | 50.00 % | - | 161 | 161 |
| | | | | - | 161 | 161 |
| Impairment of joint arrangements | - % | - % | - % | - | (161) | (161) |
| | | | | - | - | - |

AG Dangote was incorporated on 18 June 2013 with an authorised share capital of 100m units with 50% taken up by the Dangote Industries Limited and the remaining 50% taken up by Constructora Andrade Gutierrez S.A.

The Company's principal place of incorporation and operation is Nigeria.

The joint venture is accounted for using the equity method in these consolidated financial statements because the Group has significant influence. The share of profits for the periods prior to 2019 has not been recognised because the investment has been fully impaired.

During the year, the Company acquired the remaining 50% interest in AG Dangote previously held by Constructora Andrade Gutierrez S.A for N395 million. Hence, the investment was reclassified from Joint Venture to Investment in Subsidiaries.

### Summarised financial information of material joint ventures

| Summarised Statement of Profit or Loss and Other Comprehensive Income | AG - Dangote Construction Company Ltd | | |
|---|---|---|---|
| | 2020 N. mil | 2019 N. mil | 2018 N. mil |
| Revenue | - | 2,442 | 6,511 |
| Other income and expenses | - | (3,107) | (6,979) |
| Profit before tax | - | (665) | (468) |
| **Total comprehensive income** | - | (665) | (468) |

| Summarised Statement of Financial Position | AG - Dangote Construction Company Ltd | | |
|---|---|---|---|
| | 2020 N. mil | 2019 N. mil | 2018 N. mil |
| **Assets** | | | |
| Non-current | - | 2,243 | 2,713 |
| Current assets | - | 4,660 | 6,251 |
| Total assets | - | 6,903 | 8,964 |
| **Liabilities** | | | |
| Non-current liabilities | - | (324) | (324) |
| Current liabilities | - | (7,803) | (8,932) |
| Total liabilities | - | (8,127) | (8,932) |
| **Total net assets** | - | 15,354 | 18,220 |

The summarised information presented above reflects the financial statements of the joint ventures after adjusting for differences in accounting policies between the group and the joint venture.

## 25. Investments in associate

The following table lists all of the associates in the group:

Group

| Name of company | Held by | % ownership interest 2020 | % ownership interest 2019 | % ownership interest 2018 | Carrying amount 2020 | Carrying amount 2019 | Carrying amount 2018 |
|---|---|---|---|---|---|---|---|
| Societe des Ciments d' Onigbolo | Dangote Cement Plc | 43.00 % | 43.00 % | 43.00 % | 5,711 | 4,961 | 4,312 |

Through Dangote Cement Plc, the Group holds an indirect 43% (2019: 43%) of the voting rights in Societe des Ciments d' Onigbolo, a company incorporated in the Republic of Benin with the Principal activity being the production of cement and related products. The Group has significant influence over the Associate through its participations in key decision making process.

Equity accounting is applied because the Group has significant influence. The financial year end for the Associate is 31 December 2020.

No dividend was received from the associate during the year (2019: Nil).

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 N. mil | 2019 N. mil | 2018 N. mil | 2020 N. mil | 2019 N. mil | 2018 N. mil |
| **Movement in investment in associate** | | | | | | |
| At I January | 4,961 | 4,312 | 3,749 | - | - | - |
| Share of profit | 750 | 649 | 563 | - | - | - |
| | **5,711** | **4,961** | **4,312** | - | - | - |

## 26. Debt instruments measured at amortised cost

Debt instruments (at amortised cost) are presented at amortised cost, which is net of loss allowance, as follows:

| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Cash call | 2,977 | 2,977 | 2,977 | - | - | - |
| Bonds | 45,453 | 38,298 | 12,961 | 45,453 | 38,298 | 12,961 |
| | **48,430** | **41,275** | **15,938** | **45,453** | **38,298** | **12,961** |

### Split between non-current and current portions

| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Non-current assets | 45,281 | 41,275 | 15,938 | 42,304 | 38,298 | 12,961 |
| Current assets | 3,149 | - | - | 3,149 | - | - |
| | 48,430 | 41,275 | 15,938 | 45,453 | 38,298 | 12,961 |

Cash call represents payments made for expenses incurred on the Oil Block. The total amount due is prorated based on the percentage of ownership. The amount stated above represents 51% of the expenses incurred to date.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| **27. Finance lease receivables** | | | | | | |
| **Gross investment in the lease due** | | | | | | |
| - within one year | 6,919 | 5,967 | 3,349 | - | - | - |
| - second year | 7,043 | 5,967 | 3,349 | - | - | - |
| - third year | 4,141 | 3,026 | 4,235 | - | - | - |
| - fourth year | 3,340 | 2,179 | - | - | - | - |
| - fifth year | 953 | - | - | - | - | - |
| Gross investment in the leases | 22,396 | 17,139 | 10,933 | - | - | - |
| Less: Unearned finance income | (7,301) | (1,588) | (2,078) | - | - | - |
| Present value of minimum lease payments receivable | 15,095 | 15,551 | 8,855 | - | - | - |
| Less: Loss allowance | - | - | - | - | - | - |
| **Net investment in the lease** | **15,095** | **15,551** | **8,855** | **-** | **-** | **-** |
| Non-current assets | 9,846 | 11,285 | 6,475 | - | - | - |
| Current assets | 5,249 | 4,266 | 2,380 | - | - | - |
| | 15,095 | 15,551 | 8,855 | - | - | - |

The Group entered into finance lease arrangement for some of its trucks. All leases are denominated in Naira. The average term of finance leases entered into is 4.17 year (2019: 4.17 years). During the year the finance lease receivable increased because more trucks were distributed to customers on lease.

During the year, the Group recognised interest income on lease receivables of N2.42 billion (2019: N1.15 billion).

The average effective interest rate implicit in the contracts is 9% (2019: 14%) per annum.

The unguaranteed residual values of assets leased under finance lease at the end of the reporting period is Nil.

The Directors estimate the loss allowance on finance lease receivables at the end of the reporting year at an amount equal to lifetime ECL. Taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables, the directors of the Company consider that no finance lease receivables is impaired.

None of the finance lease receivables have been pledged as security for liabilities or contingent liabilities.

## 28. Biological assets

Reconciliation of biological assets - Group

| | Sugar cane N. mil | Total N. mil |
|---|---|---|
| **Cost** | | |
| At 1 January 2019 | 1,841 | 1,841 |
| Additions | 541 | 541 |
| Gains or losses arising from changes in fair value less estimated point of sale cost | (313) | (313) |
| At 31 December 2019 | 2,069 | 2,069 |
| Additions | - | - |
| Decreases due to harvest, death or sales | (24) | (24) |
| Gains or losses arising from changes in fair value less estimated point of sale cost | 2,417 | 2,417 |
| At 31 December 2020 | 4,462 | 4,462 |

### Description of Biological assets and activities

Biological assets comprise of growing cane. The growing cane represents biological assets which are expected to be harvested as agricultural produce, intended for the production of sugar. The biological assets have been measured at fair value less cost to sell. As at 31 December 2020, the group has a total of 7,098.8 hectares of growing canes.

None of the biological assets have restricted titles (2019: Nil).

Although management intends to continually develop more biological assets through the expansion of its agricultural activities, management has however not made any commitment for the development or acquisition of biological assets as at this date.

### Pledged as security

The Group did not pledge any biological asset as security for any liability during the year.

### Methods and assumptions used in determining fair value

The Group adopted the multi-period excess earnings method (MPEEM) under the income approach to estimate the fair value of the Biological assets. The MPEEM estimates the fair value of an asset based on the cash flows attributable to the asset after deducting the cash flows attributable to other assets (contributory assets). This approach is commonly used for sugarcane considering that land, plant and machinery and the bearer plant are accounted as property, plant and equipment in line with IAS 16 and considered as contributory assets for the purpose of MPEEM valuation.

The fair value of biological assets are determined based on unobservable inputs, using the best information available in the circumstances and therefore falls within the level 3 fair value category. Growing cane were valued using the income approach.

Changes in fair value of the biological asset are recognised in the statement of profit and loss.

### Risk management strategy related to agricultural activities

Regulatory and environmental risk

The Group is subject to laws and regulations in the states in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply, demand and yield risks

The Group is exposed to risks arising from fluctuations in the prices of seedlings for cultivation as well as yield volumes. When possible, the Group manages these risks by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing. The Group manages yield volume risks by employing latest technology and sourcing for optimally viable seedlings.

**28. Biological assets (continued)**

Climate, diseases and other risks

The Group's biological assets are exposed to the risks of damage from climatic conditions, diseases, forest fires and other natural forces. The Group has processes in place aimed at monitoring and mitigating those risks, including insurance, use of environmentally friendly pesticides for the crops and leveraging on industry pest and disease surveys as well as other agricultural best practices.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil |
| **Key assumptions and inputs** | | | | | | |
| Industry out-grower price. (N per ton) | 10,842 | 8,003 | 7,900 | - | - | - |
| Average yield per hectare (tonnes) | 86 | 63 | 60 | - | - | - |
| Discount rate (%) | 12 | 9 | 12 | - | - | - |
| | 10,940 | 8,075 | 7,972 | - | - | - |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |

## 29. Prepayments

| | Group 2020 N. mil | Group 2019 Restated N. mil | Group 2018 Restated N. mil | Company 2020 N. mil | Company 2019 Restated N. mil | Company 2018 Restated N. mil |
|---|---|---|---|---|---|---|
| Prepaid rent and rates | 2,423 | 3,121 | 4,728 | 32 | 1 | 65 |
| Prepaid insurance | 187 | 326 | 261 | 21 | 290 | 9 |
| Other prepayments | 78,877 | 32,732 | 31,603 | 2,217 | 1,524 | 39 |
| Prepaid medical and housing | 168 | 3,000 | 485 | 48 | 391 | 314 |
| Project advance | 166,196 | 300,653 | 319,361 | - | - | - |
| Deposit for imports | 3,027 | 8,828 | 14,942 | - | - | - |
| | **250,878** | **348,660** | **371,380** | **2,318** | **2,206** | **427** |
| Current | 90,508 | 30,858 | 31,423 | 2,318 | 2,206 | 427 |
| Non-current | 160,370 | 317,802 | 339,957 | - | - | - |
| | **250,878** | **348,660** | **371,380** | **2,318** | **2,206** | **427** |

Advances to contractors represent various advances for the purchase of LPFO and AGO together with advances for the construction of plants and other materials which were not received at the year end.

Deposit for imports represent letters of credit with various banks for importation of goods and deposit for raw salt which have not been received at year end.

Other prepayment relates to unamortised balance on advertisement and other related expenses paid in advance

## 30. Other Investments

| | Group 2020 N. mil | Group 2019 Restated N. mil | Group 2018 Restated N. mil | Company 2020 N. mil | Company 2019 Restated N. mil | Company 2018 Restated N. mil |
|---|---|---|---|---|---|---|
| **Capital Contribution in:** | | | | | | |
| Dangote Oil Refining Company Limited | - | - | - | 216,392 | 152,842 | 176,286 |
| Dangote Fertilizer Limited | - | - | - | 346,892 | 299,026 | 243,999 |
| | - | - | - | **563,284** | **451,868** | **420,285** |

The Directors executed an agreement in 2018 with Dangote Oil Refining Company Limited and Dangote Fertilizer Limited to convert the outstanding related party loan (principal and interest) as at 30th June, 2018 as disclosed in note above for the funding of their projects as capital contribution to the respective company's equity. During the year, additional investment of N40.1 billion and N47.9 billion were made in Dangote Oil Refining Company Limited and Dangote Fertilizer Limited respectively.

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil |

### 31. Inventories

| | Group 2020 N. mil | Group 2019 Restated N. mil | Group 2018 Restated N. mil | Company 2020 N. mil | Company 2019 Restated N. mil | Company 2018 Restated N. mil |
|---|---|---|---|---|---|---|
| Raw materials | 38,736 | 51,232 | 55,634 | - | - | - |
| Work in progress | 10,256 | 14,940 | 17,637 | - | - | - |
| Finished goods | 17,958 | 19,502 | 26,293 | - | - | - |
| Merchandise | 39,019 | 67,154 | 31,238 | - | - | - |
| Engineering spares and other production supplies | 45,678 | 32,823 | 26,810 | - | - | - |
| Goods in transit | 8,295 | 6,724 | 5,586 | - | - | - |
| Chemicals and consumables | 67,756 | 68,148 | 59,609 | - | - | - |
| Packaging materials | 5,728 | 5,604 | 5,052 | - | - | - |
| | 233,426 | 266,127 | 227,859 | - | - | - |
| Inventories (write-downs) | (426) | (355) | (720) | - | - | - |
| | **233,000** | **265,772** | **227,139** | - | - | - |

The cost of inventories recognised as an expense during the year was N300.0 billion (2019: N319.1 billion).

**Inventory pledged as security**

No inventory was pledged as security during the year (2019: Nil).

### 32. Trade and other receivables

| | Group 2020 N. mil | Group 2019 Restated N. mil | Group 2018 Restated N. mil | Company 2020 N. mil | Company 2019 Restated N. mil | Company 2018 Restated N. mil |
|---|---|---|---|---|---|---|
| **Financial instruments:** | | | | | | |
| Trade debtors | 37,689 | 43,739 | 47,375 | - | - | - |
| Impairment allowance on trade receivables | (2,320) | (1,534) | (2,270) | - | - | - |
| Trade receivables at amortised cost | 35,369 | 42,205 | 45,105 | - | - | - |
| Related party (Note 49) | 595,484 | 514,193 | 573,453 | 214,828 | 216,683 | 208,452 |
| Allowances for discounts, rebates and returns | (1,105) | (1,105) | - | - | - | - |
| Dangote Multi-purpose co-operative society | 1 | 1 | 411 | - | - | 411 |
| Staff loan and advances | 6,607 | 4,851 | 3,525 | 345 | 335 | 349 |
| Interest receivables | 4,666 | 3,761 | 21,801 | - | 1,896 | 271 |
| Other receivable | 54,277 | 50,187 | 29,458 | 4,285 | 6,853 | 2,472 |
| | 695,299 | 614,093 | 673,753 | 219,458 | 225,767 | 211,955 |
| Loss allowance - related party | (1,838) | (2,113) | (1,712) | (863) | (1,440) | (1,440) |
| Loss allowance - other receivables | (483) | (57) | (1,110) | - | - | - |
| | 692,978 | 611,923 | 670,931 | 218,595 | 224,327 | 210,515 |
| **Non-financial instruments:** | | | | | | |
| Deposits | 9,723 | 24,760 | 19,558 | - | - | - |
| VAT receivable | 338 | 412 | 35 | - | 1 | 1 |
| Directors current account | 1,183 | - | - | 1,183 | - | - |
| Withholding tax | 2,945 | 1,868 | 4,435 | 1,620 | 788 | 1,519 |
| Prepayments and advances | - | 610 | 306 | - | - | - |
| | 14,189 | 27,650 | 24,334 | 2,803 | 789 | 1,520 |
| **Total trade and other receivables** | **707,167** | **639,573** | **695,265** | **221,398** | **225,116** | **212,035** |

Deposit represent letters of credit with various banks for importation of goods and other assets which have not been received at year end.

32. Trade and other receivables (continued)

Exposure to credit risk

The Group is inherently exposed to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

The Group 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% against all receivables over 720 days past due, except where there is adequate security, because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year. 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, except where there is adequate security. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables are considered to be past due when they exceed the credit period granted. The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The loss allowance provision is determined as follows:

| Group | 2020 | 2020 | 2019 | 2019 | 2018 | 2018 |
|---|---|---|---|---|---|---|
| Expected credit loss rate: | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
| **Trade receivables** | | | | | | |
| Not past due: 2.69% (2019: 0.34%) | 9,755 | 262 | 9,311 | 32 | 9,855 | 115 |
| 0 - 30 days past due: 2.94% (2019: 1.22%) | 11,109 | 327 | 2,123 | 26 | 4,455 | - |
| 31 - 60 days past due: 2.71% (2019: 29.11%) | 849 | 23 | 1,082 | 315 | 805 | 434 |
| 61 - 90 days past due: 3.72% (2010: 0%) | 1,048 | 39 | 7 | - | 111 | 5 |
| Over 90 days past due: 11.2% (2019: 3.72%) | 14,928 | 1,669 | 31,216 | 1,161 | 32,149 | 1,716 |
| | 37,689 | 2,320 | 43,739 | 1,534 | 47,375 | 2,270 |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |

## 32. Trade and other receivables (continued)

### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 January | 3,704 | 5,092 | 5,092 | 1,440 | 1,440 | 1,440 |
| Provision raised/(reduced) on trade receivables | 786 | (736) | - | - | - | - |
| Increase/(reversal) on provision for other receivables | 426 | 401 | - | - | - | - |
| Increase/(reversal) on provision for related parties receivables | 525 | (1,053) | - | 223 | - | - |
| Write off | (800) | - | - | (800) | - | - |
| 31 December | 4,641 | 3,704 | 5,092 | 863 | 1,440 | 1,440 |

## 33. Investments at fair value

Investments held by the Group which are measured at fair value, excluding derivatives are as follows:

| | | | | | | |
|---|---|---|---|---|---|---|
| **Mandatorily at fair value through profit or loss:** | | | | | | |
| Carlye Sub Saharan Funds | 19,458 | 16,212 | 14,547 | 19,458 | 16,212 | 14,546 |
| **Equity investments at fair value through other comprehensive income:** | | | | | | |
| United Bank for Africa Plc | 5,731 | 5,221 | 5,297 | 5,731 | 5,221 | 5,297 |
| Dangote Projects | 502 | 520 | 520 | 511 | 520 | 520 |
| Jaiz International Plc | 817 | 1,325 | 1,325 | 817 | 1,325 | 1,325 |
| Dangote Energy Equity Resources | 5 | 5 | 5 | - | - | - |
| Ask Petroleum Limited | 1 | 1 | 1 | - | - | - |
| | 26,514 | 23,284 | 21,695 | 26,517 | 23,278 | 21,688 |

**Split between non-current and current portions**

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-current assets | 7,056 | 7,072 | 7,148 | 7,059 | 7,066 | 7,142 |
| Current assets | 19,458 | 16,212 | 14,547 | 19,458 | 16,212 | 14,546 |
| | 26,514 | 23,284 | 21,695 | 26,517 | 23,278 | 21,688 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Movement in Investments** | | | | | | |
| 1 January | 23,284 | 21,695 | (2,159) | 23,278 | 21,688 | 18,444 |
| Addition | 3,228 | 1,665 | 25,056 | 3,237 | 1,666 | 4,446 |
| Fair value gain/(loss) | 2 | (76) | (1,202) | 2 | (76) | (1,202) |
| | 26,514 | 23,284 | 21,695 | 26,517 | 23,278 | 21,688 |

Dangote Projects refer to investment in different projects that are yet to commence. The make up of these investments are: Ghana Kwama Project, Sub Sea Pipeline Production, Saipem Dangote E&C Limited, EWOGGS Project, Global Sugar Projects and Jigawa Sugar Project.

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |

### 34. Derivatives

| | | | | | | |
|---|---|---|---|---|---|---|
| **Non-hedging derivatives** | | | | | | |
| Foreign exchange contract | 51,727 | 1,091 | 22,455 | 51,831 | 1,091 | 22,455 |
| **Split between non-current and current portions** | | | | | | |
| Current assets | 51,831 | 1,091 | 22,455 | 51,831 | 1,091 | 22,455 |
| Current liabilities | (104) | - | - | - | - | - |
| | 51,727 | 1,091 | 22,455 | 51,831 | 1,091 | 22,455 |

The derivative contracts arise from outstanding foreign exchange forwards contracts on behalf of related parties with Central Bank of Nigeria through its agent banks.

Refer to note 52 Fair value information for details of valuation policies and processes.

Refer to note 51 Financial instruments and risk management further details.

### 35. Loans to group companies

| | | | | | | |
|---|---|---|---|---|---|---|
| Subsidiaries | | | | | | |
| Dangote Cement Plc | - | - | - | - | 35,000 | 55,000 |
| Nascon Allied Industries Plc | - | - | - | - | 3,300 | 3,750 |
| Dangote Oil Refining Company Limited | - | - | - | 2,679,478 | 1,716,415 | 1,061,917 |
| Dangote Fertilizer Limited | - | - | - | 53,874 | 36,294 | 31,333 |
| | - | - | - | 2,733,352 | 1,791,009 | 1,152,000 |
| 1 January | - | - | - | 1,791,009 | 1,152,000 | 1,248,853 |
| Additions during the year | - | - | - | 980,643 | 662,759 | 196,907 |
| | - | - | - | 2,771,652 | 1,814,759 | 1,445,760 |
| Repayments in the year | - | - | - | (38,300) | (23,750) | (293,760) |
| 31 December | - | - | - | 2,733,352 | 1,791,009 | 1,152,000 |

### 36. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | | | | | |
|---|---|---|---|---|---|---|
| Cash on hand | 35 | 25 | 25 | 4 | 4 | 4 |
| Bank balances | 607,712 | 603,914 | 578,798 | 379,217 | 459,635 | 409,487 |
| Short-term deposits | 153,426 | 234,909 | 307,304 | 92,003 | 182,428 | 156,893 |
| Treasury bills | 2,839 | 801 | 2,970 | - | - | - |
| Other cash and cash equivalents | - | 13,092 | 61,337 | - | - | 40,000 |
| Bank overdraft | (31,876) | (1,195) | (7,368) | - | - | - |
| | 732,136 | 851,546 | 943,066 | 471,224 | 642,067 | 606,384 |
| Current assets | 764,012 | 852,741 | 950,434 | 471,224 | 642,067 | 606,384 |
| Current liabilities | (31,876) | (1,195) | (7,368) | - | - | - |
| | 732,136 | 851,546 | 943,066 | 471,224 | 642,067 | 606,384 |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |

## 37. Discontinued operations or disposal groups or non-current assets held for sale

**Assets and liabilities**

| | Group 2020 | Group 2019 Restated | Group 2018 Restated | Company 2020 | Company 2019 Restated | Company 2018 Restated |
|---|---|---|---|---|---|---|
| **Non-current assets held for sale** | | | | | | |
| Other assets (Net) | 869 | 869 | 869 | - | - | - |

Amount represents investment made by the Company in 2008 in Algeria for the intended purpose of expansion of the Company's activities through an Algerian Company SPA Dangote Algeria. Subsequent to the payment for the Land, the Algerian Government, without revoking the Algerian company's title to the Land, refused the siting of the proposed Refinery at the Port citing that the site is not suitable for the intended purpose.

The Company lost control over this company in 2010. The balance has been disclosed as an assets held for sale as at 31 December 2020 and 2019 as Management has obtained ownership to the land and is committed to selling the land.

## 38. Share capital

| | Group 2020 | Group 2019 Restated | Group 2018 Restated | Company 2020 | Company 2019 Restated | Company 2018 Restated |
|---|---|---|---|---|---|---|
| **Authorised** | | | | | | |
| 2,000,000,000 Ordinary shares of N1 each | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| **Issued** | | | | | | |
| 2,000,000,000 Ordinary shares of N1 each | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |

## 39. Borrowings

| | Group 2020 | Group 2019 Restated | Group 2018 Restated | Company 2020 | Company 2019 Restated | Company 2018 Restated |
|---|---|---|---|---|---|---|
| **Held at amortised cost** | | | | | | |
| Term loan | 2,071,417 | 1,614,463 | 1,355,137 | 1,755,965 | 1,426,780 | 991,597 |
| Commercial papers | 110,970 | 137,505 | - | - | - | - |
| Power loans | 2,238 | 5,320 | 7,838 | - | - | - |
| Bond | 98,423 | - | - | - | - | - |
| Debenture | 39 | - | - | - | - | - |
| | **2,283,087** | **1,757,288** | **1,362,975** | **1,755,965** | **1,426,780** | **991,597** |

**Split between non-current and current portions**

| | Group 2020 | Group 2019 Restated | Group 2018 Restated | Company 2020 | Company 2019 Restated | Company 2018 Restated |
|---|---|---|---|---|---|---|
| Non-current liabilities | 1,994,859 | 1,586,442 | 1,331,677 | 1,755,965 | 1,426,780 | 991,597 |
| Current liabilities | 288,228 | 170,846 | 31,298 | - | - | - |
| | **2,283,087** | **1,757,288** | **1,362,975** | **1,755,965** | **1,426,780** | **991,597** |

**Reconciliation of borrowings**

| | Group 2020 | Group 2019 Restated | Group 2018 Restated | Company 2020 | Company 2019 Restated | Company 2018 Restated |
|---|---|---|---|---|---|---|
| 1 January | 1,757,288 | 1,362,975 | 814,067 | 1,426,780 | 991,597 | 732,507 |
| Additions | 574,306 | 441,956 | 661,914 | 409,332 | 467,500 | 367,519 |
| Accrued interest | 39,706 | 41,394 | 31,553 | 36,344 | 37,372 | 28,987 |
| Exchange difference | 251,964 | (28,986) | (5,328) | 214,593 | (28,986) | (5,328) |
| Repayment | (340,177) | (60,051) | (139,231) | (331,084) | (40,703) | (132,088) |
| **31 December** | **2,283,087** | **1,757,288** | **1,362,975** | **1,755,965** | **1,426,780** | **991,597** |

39. Borrowings (continued)

Details of Borrowings

(a) Term Loans: These loans include commercial loans with varying interest rates, including fixed and floating rates, from various local and international commercial banks secured on fixed and floating assets of Dangote Industries Limited and its subsidiaries. The applicable rates range from 9% to 15% and the repayment period for these loans is between one and ten years.

The syndicated loans secured by Dangote Industries Limited for the development of its strategic projects makes up about 84% of the Group's Term Loans. The facility is secured by all the shares of Dangote Industries Limited in Dangote Cement Plc, Dangote Sugar Refinery Plc and Nascon Allied Industries Plc.

The breakdown of the outstanding amount of the term loan is:
- N1.68 trillion secured and N75.05 billion unsecured revolving time facility to Dangote Industries Limited
- N221.07 billion secured and unsecured facility to Dangote Cement Plc
- N66.49 billion secured facility to Dangote Oil Refining Company Limited
- N23.71 billion Dangote Fertilizer Limited secured facility
- N2.75 billion secured and unsecured facility to Dangote Rice Limited
- N1.18 billion secured and unsecured facility to Dangote Sugar Refinery Plc; and
- N256 million unsecured facility to Twister B.V.

Details of the securities are:
- First ranking security held by the Security Agents for and on behalf of the Finance Parties as follows:
- All asset debenture on the fixed and floating assets of Dangote Fertilizer Limited (DFL)
- All asset debenture on the fixed and floating assets of Dangote Oil Refinery Co. Limited (DORC)
- All assets of DIL by means of accession to existing security documents, and including new specific fixed share charges over DIL subsidiaries
- An assignment by way of security by Greenview of its right to receive dividends (to the extent declared) from DIL.
- An assignment by way of security by DIL of its right to receive dividends (to the extent declared) by DCP, NASCON and DSR.
- Unconditional guarantees from GreenView, DORC and DFL supported by appropriate Board Resolutions
- A Nigerian law floating charge granted by DIL over the Naira Dividend Collection Account held with GTBank in Lagos
- A Nigerian law fixed charge granted by DIL in respect of the Naira Debt Serve Reserve Account held with GTBank in Lagos.
- An English law floating charge granted by GreenView in respect of the Greenview Equity Account held with SCB in London and
- Subordination of intercompany loans and assignment of receivables under intercompany loans.

(b) Commercial paper was issued under a programme with a maximum face value of N150 billion. The tenure is between 90 days and 270 days with discount ranging from 4.0% to 8.0%.

(c) Power Loan: In 2011 and 2012, the Bank of Industry through Guaranty Trust Bank Plc and Access Bank Plc granted Dangote Cement Plc (a subsidiary) the sum of N 24.5 billion long-term loan repayable over 10 years at an all-in annual interest rate of 7% for part financing or refinancing the construction cost of the power plants at the Company's factories under the Power and Aviation Intervention Fund. The loan has a moratorium of 12 months. Given the concessional terms at which the loan was secured, it is considered to have an element of government grant. Using prevailing market interest rates for an equivalent loan of 12.5%, the fair value of the loan is estimated higher, the difference between the gross proceeds and the fair value of the loan is the benefit derived from the low interest loan and is recognised as deferred income. The facility is secured by a debenture on all fixed and floating assets of the Dangote Cement Plc to be shared pari passu with existing lenders

(d) Dangote Cement Plc issued its series 1 Naira bond with a value of N100 billion and a coupon rate of 12.5% during the year. The tenure is for 5 years to mature in April 2025

(e) Debenture represents the debt owed to the Federal Government of Nigeria by Nascon Allied Industries Plc which was restructured by the Bureau for Public Enterprise. The Board of Directors has taken steps to obtain a waiver of the loan from the Federal Government of Nigeria.

## 40. Loans from related parties

| | | | | | | |
|---|---|---|---|---|---|---|
| Greenview International Corp | 689,377 | 440,050 | 236,950 | 656,472 | 440,050 | 236,950 |
| Bulk commodities Limited | 76,021 | 44,976 | 43,153 | 52,506 | 25,388 | 25,388 |
| Dangote Cement Plc | - | - | - | 70,000 | - | - |
| | 765,398 | 485,026 | 280,103 | 778,978 | 465,438 | 262,338 |

**Split between non-current and current portions**

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-current liabilities | 56,420 | 19,588 | 17,765 | - | - | - |
| Current liabilities | 708,978 | 465,438 | 262,338 | 778,978 | 465,438 | 262,338 |
| | 765,398 | 485,026 | 280,103 | 778,978 | 465,438 | 262,338 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Movement in Related parties loan** | | | | | | |
| 1 January | 485,026 | 280,103 | 100,401 | 465,438 | 262,338 | 99,309 |
| Addition | 177,896 | 204,923 | 179,702 | 416,535 | 203,100 | 163,029 |
| Repayment | - | - | - | (203,500) | - | - |
| Exchange difference | 102,476 | - | - | 100,505 | - | - |
| | 765,398 | 485,026 | 280,103 | 778,978 | 465,438 | 262,338 |

## 41. Retirement benefits

### Defined benefit plan

The Group operated funded defined benefit plan (gratuity) for qualifying employees in Nigeria. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age of 55. No other post-retirement benefits are provided to these employees. The scheme was discontinued in July 2013. Hence, no actuarial valuation was done for the Company as the Group has stopped accruing for staff gratuity.

The plan typically exposes the Group to actuarial risks such as; investment risk, interest rate risk and salary risk.

- Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in Government Securities and money market instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

- Interest rate risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

- Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil |

## 41. Retirement benefits (continued)

### Carrying value

| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Present value of the defined benefit obligation-wholly unfunded | (2,056) | (2,185) | (3,277) | (910) | (1,022) | (1,062) |
| Fair value of plan assets | - | - | 1,023 | - | - | - |
| | (2,056) | (2,185) | (2,254) | (910) | (1,022) | (1,062) |
| Non-current liabilities | (1,086) | (1,205) | (1,284) | (910) | (1,022) | (1,062) |
| Current liabilities | (970) | (980) | (970) | - | - | - |
| | (2,056) | (2,185) | (2,254) | (910) | (1,022) | (1,062) |

### Movements in defined benefit obligation for the year

| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| 1 January | (2,185) | (2,254) | (2,285) | (1,022) | (1,062) | (1,062) |
| Benefits paid | 129 | 69 | 31 | 112 | 40 | - |
| | (2,056) | (2,185) | (2,254) | (910) | (1,022) | (1,062) |

## 42. Long service award

The Group operates an unfunded defined benefit plan (long service award) for qualifying employees of the Group. Under the plan, the employees are entitled to benefits such as gift items, Ex-Gratia (expressed as a multiple of Monthly Basic Salary), a plaque and certificate on attainment of a specific number of years in service.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2020 by EY Nigeria (FRC registration number: FRC/2012/NAS/00000000738). The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The plan typically exposes the Group to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk.

Interest rate risk: A decrease in the bond interest rate will increase the plan liability

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### Carrying value

The amount included in the statement of financial position arising from the Group's obligations in respect of its long service awards is as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil |
| Long service awards | 3,581 | - | - | - | - | - |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |

## 42. Long service award (continued)

The movement in the account during the year was as follows:

| | | | | | | |
|---|---|---|---|---|---|---|
| Net expense recognised in profit or loss | 3,713 | - | - | - | - | - |
| Benefits paid | (132) | - | - | - | - | - |
| | 3,581 | - | - | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Net expense recognised in profit or loss** | | | | | | |
| Service cost | 2,683 | - | - | - | - | - |
| Interest cost | 294 | - | - | - | - | - |
| Actuarial (gains)/ losses | 736 | - | - | - | - | - |
| | 3,713 | - | - | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| **The actuarial gains and losses on long service awards are analyzed as follows:** | | | | | | |
| Change in economic assumption | 736 | - | - | - | - | - |

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Group

| | Valuation at 2020 | 2019 |
|---|---|---|
| Discount rate (per annum) | 8.00% | |
| Expected rate(s) of salary increases (per annum) | 12.00% | |
| Average rate on inflation (per annum) | 12.00% | |

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the long service awards obligation to the amount shown below.

Group

| 2020 | | | N. mil |
|---|---|---|---|
| Base | - | | 3,581 |
| Discount rate | - | +1% | 3,200 |
| | | -1% | 3,900 |
| Salary increase | - | +1% | 3,800 |
| | | -1% | 3,300 |
| Mortality experience | - | Age rated up by 1 year | 3,500 |
| | | Age rated down by 1 year | 3,600 |

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019 Restated<br>N. mil | 2018 Restated<br>N. mil | 2020<br>N. mil | 2019 Restated<br>N. mil | 2018 Restated<br>N. mil |
| **43. Deferred income** | | | | | | |
| Non-current liabilities | 28,852 | 30,389 | 8,424 | - | - | - |
| Current liabilities | 70 | 149 | 314 | - | - | - |
| | 28,922 | 30,538 | 8,738 | - | - | - |

The deferred revenue mainly arises as a result of the benefit received from government loans received in 2011 and 2012 Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| At 1 January | 30,538 | 8,738 | 11,131 | - | - | - |
| Additions | 10 | 22,042 | - | - | - | - |
| Release of deferred income from government grant (Note 7) | (472) | (242) | (2,393) | - | - | - |
| Capitalised to property, plant and equipment | (1,154) | - | - | - | - | - |
| **At 31 December** | 28,922 | 30,538 | 8,738 | - | - | - |

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| **44. Provisions** | | | | | | |
| Non-current liabilities | 9,593 | 3,684 | 2,753 | - | - | - |
| Current liabilities | 145 | - | - | - | - | - |
| | 9,738 | 3,684 | 2,753 | - | - | - |
| **Movement in Provision** | | | | | | |
| 1 January | 3,684 | 2,753 | 3,455 | - | - | - |
| Addition during the year | 1,689 | 701 | - | - | - | - |
| Reversal during the year | - | - | (789) | - | - | - |
| Unwinding of discount | - | 343 | 260 | - | - | - |
| Effect of foreign exchange difference | 4,365 | (113) | (173) | - | - | - |
| | 9,738 | 3,684 | 2,753 | - | - | - |

The Group has obligations to settle environmental restoration and dismantling / decommissioning cost of property, plant and equipment. The expenditure is expected to be utilised at the end of the useful lives for the mines.

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| **45. Lease liabilities** | | | | | | |
| **Minimum lease payments due** | | | | | | |
| - within one year | 3,752 | 2,021 | - | - | - | - |
| - in second to fifth year inclusive | 11,289 | 10,044 | - | - | - | - |
| - later than five years | 44,200 | 42,507 | - | - | - | - |
| | 59,241 | 54,572 | - | - | - | - |
| less: future finance charges | (43,234) | (39,672) | - | - | - | - |
| **Present value of minimum lease payments** | 16,007 | 14,900 | - | - | - | - |
| Non-current liabilities | 8,982 | 9,157 | - | - | - | - |
| Current liabilities | 3,593 | 2,021 | - | - | - | - |
| | 12,575 | 11,178 | - | - | - | - |

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 N. mil | 2019 Restated N. mil | 2018 Restated N. mil | 2020 N. mil | 2019 Restated N. mil | 2018 Restated N. mil |

### 46. Trade and other payables

| | Group 2020 N. mil | Group 2019 Restated N. mil | Group 2018 Restated N. mil | Company 2020 N. mil | Company 2019 Restated N. mil | Company 2018 Restated N. mil |
|---|---|---|---|---|---|---|
| **Financial instruments:** | | | | | | |
| Trade payables | 175,267 | 111,315 | 72,893 | 2,307 | 2,456 | 900 |
| Trade payables - related parties (Note 49) | 113,414 | 136,144 | 122,723 | 89,859 | 103,554 | 96,505 |
| Dividend payable | 6,149 | 3,113 | 3,493 | - | - | - |
| Accruals | 101,061 | 162,755 | 9,392 | 2,166 | 3,057 | 942 |
| Payable to contractors | 125,980 | 77,243 | 40,138 | - | - | - |
| Accrued audit fees | 112 | 163 | 144 | 52 | 44 | 57 |
| Deferred income | 24 | 82 | 884 | - | - | 687 |
| Other creditors | 364,167 | 228,497 | 42,041 | 18,792 | 15,899 | 15,758 |
| **Non-financial instruments:** | | | | | | |
| Amounts received in advance | 21 | 31 | 20 | - | - | - |
| Refund liability | 1,592 | - | - | 1,592 | - | - |
| VAT | 9,613 | 8,243 | 4,398 | 9 | - | - |
| Directors current account | (179) | 4,051 | 17,843 | - | 4,279 | 18,050 |
| Withholding tax payable | 24,413 | 17,566 | 7,308 | 340 | 174 | 74 |
| Pension payable | 903 | 483 | 514 | 30 | 22 | 23 |
| Staff cost payable | 1,627 | 1,706 | 2,467 | 1,466 | 643 | 1,318 |
| Deposits from customers | 70,815 | 107,524 | 76,455 | - | - | - |
| | 994,979 | 858,916 | 400,713 | 116,613 | 130,128 | 134,314 |

**Financial instrument and non-financial instrument components of trade and other payables**

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| At amortised cost | 886,174 | 719,312 | 291,708 | 113,176 | 125,010 | 114,849 |
| Non-financial instruments | 108,805 | 139,604 | 109,005 | 3,437 | 5,118 | 19,465 |
| | 994,979 | 858,916 | 400,713 | 116,613 | 130,128 | 134,314 |

**Movement in Pension payable**

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| At 1 January | 483 | 514 | 293 | 22 | 23 | 21 |
| Addition during the year | 4,106 | 862 | 826 | 157 | 150 | 130 |
| Payment | (3,686) | (893) | (605) | (149) | (151) | (128) |
| | 903 | 483 | 514 | 30 | 22 | 23 |

Outstanding staff pension deductions that have not been remitted as at year end have been accrued for in accordance with the Pension Reform Act, 2014. The employees of the Group are members of a state arranged Pension scheme which is managed by several private sector service providers. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the defined contribution plan is to make the specified contributions.

The total expense recognised in profit or loss of N4.11 billion (2019: N0.86 billion) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

### 47. Contract liabilities

| | Group 2020 | Group 2019 | Group 2018 | Company 2020 | Company 2019 | Company 2018 |
|---|---|---|---|---|---|---|
| Construction contract | 331 | - | - | - | - | - |

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |

## 47. Contract liabilities (continued)

**Reconciliation of contract liabilities**

| | | | | | | |
|---|---|---|---|---|---|---|
| Payments received in advance of delivery of performance obligations | 331 | - | - | - | - | - |

**Split between non-current and current portions**

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-current liabilities | - | - | - | - | - | - |
| Current liabilities | 331 | - | - | - | - | - |
| | 331 | - | - | - | - | - |

## 48. Cash generated from operations

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Profit before taxation | | 382,689 | 94,681 | 198,428 | 393,142 | 314,336 | 167,099 |
| **Adjustments for:** | | | | | | | |
| Depreciation of property, plant and equipment | 19 | 112,962 | 116,925 | 116,277 | 500 | 485 | 478 |
| Depreciation of right of use asset | 20 | 2,064 | 2,636 | - | - | - | - |
| Depreciation of investment property | 21 | - | - | - | 90 | - | - |
| Amortisation of intangible assets | 22 | 371 | 578 | 169 | 3 | 4 | 131 |
| (Gains) losses on disposals, scrappings and settlements of assets and liabilities | | (13) | 14 | 106 | - | (89,220) | - |
| Losses (gains) on foreign exchange | | 354,440 | (28,986) | - | 315,098 | (28,986) | - |
| Income from equity accounted investments | 25 | (750) | (649) | (563) | - | - | - |
| Dividend income | 12 | (378) | (259) | (260) | (378) | (259) | (260) |
| Interest income | 12 | (26,725) | (23,704) | (60,446) | (248,680) | (131,998) | (121,659) |
| Finance costs | 13 | 216,624 | 184,182 | 125,737 | 170,557 | 129,643 | 82,639 |
| Fair value (gains) losses | 8 | (2,417) | 313 | 325 | - | - | - |
| Net impairments and movements in credit loss allowances | | 5,422 | (1,317) | 527 | 409 | - | - |
| Provision for long service award | | 3,713 | - | - | - | - | - |
| Movements in provisions | | - | - | (37) | - | - | - |
| Write-off of property, plant and equipment | | 734 | 531 | - | 529 | 531 | - |
| Utilisation of WHT credit notes | | (7,571) | - | - | (688) | - | - |
| **Changes in working capital:** | | | | | | | |
| Inventories | | 32,772 | (38,633) | (43,392) | - | - | - |
| Trade and other receivables | | (69,331) | 57,080 | (403,349) | 3,496 | (13,080) | (39,561) |
| Derivatives | | (50,636) | 21,364 | 6,428 | (50,740) | 21,364 | 6,428 |
| Prepayments | | 97,782 | 22,720 | (304,180) | (112) | (1,779) | 3,153 |
| Finance lease receivables | | 456 | (6,696) | (633) | - | - | - |
| Trade and other payables | | (194,056) | 401,619 | (318,352) | (13,515) | (4,186) | 11,207 |
| Contract Liabilities | | 331 | - | - | - | - | - |
| Deferred income | | (1,616) | 21,800 | 7,591 | - | - | - |
| | | 856,867 | 824,199 | (675,624) | 569,711 | 196,855 | 109,655 |

### 49. Related parties

| | |
|---|---|
| Ultimate parent company | Greenview International Corp. |
| Parent company | Greenview International Corp. |

The ultimate control party is Alhaji Aliko Dangote who owns Greenview International Corp. of Cayman Island which has 99.9% ownership interest in the Dangote Industries Limited.

The Group and the Company, in the normal course of business, sells to and buys from other business enterprises that fall within the definition of a 'related party' contained in International Accounting Standard 24. These transactions mainly comprise purchases, sales, finance costs and management fees paid to shareholders. The companies in the Group also provide funds to and receive funds from each other as and when required for working capital financing.

**Related party balances**

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil |
| **Amounts owed by related parties** | | | | | | |
| **Due from subsidiaries** | | | | | | |
| Dangote Dairies Farm Limited | - | - | - | 23 | 76 | 25 |
| Integrated Steel Plc | - | - | - | 5,779 | 5,759 | 5,741 |
| Dangote Rice Limited | - | - | - | 67,054 | 60,565 | 36,180 |
| DANCOM Technologies Limited | - | - | - | 2,580 | 5,056 | 8,025 |
| Dangote Agrosacks Limited | - | - | - | 200 | 1,194 | 2,750 |
| Dangote Tomatoes Farms Limited | - | - | - | 156 | 157 | 255 |
| AG Dangote Construction Limited | - | 1,566 | 1,215 | 2,098 | 1,566 | 1,215 |
| Nascon Industries and Allied Plc | - | - | - | 1,377 | 1,187 | 725 |
| Dangote Exploration Assets Limited | - | - | - | 700 | - | - |
| Dangote Sugar Refinery Limited | - | - | - | 1,175 | 2,383 | (644) |
| Greenview Development Nigeria Limited | - | - | - | 1,532 | 1,513 | 1,069 |
| Dangote Granite Limited | - | - | - | 2,509 | 2,054 | 1,754 |
| Dangote Coal Mining Limited | - | - | - | 2,655 | 2,191 | 2,038 |
| West Africa Exploration Production Company | - | - | - | 4,261 | 4,296 | 854 |
| Dangote Exploration Assets Limited | - | - | - | 700 | 700 | 694 |
| WAEP Cooperative (Twister B.V.) | - | - | - | 5,535 | 4,114 | 2,991 |
| Dangote Oil and Gas Limited | - | - | - | 4,885 | 4,885 | 4,474 |
| Dangote Oil Refinery Company | - | - | - | 11,265 | 7,687 | 3,558 |
| Dangote Fertilizer Limited | - | - | - | 53,099 | 50,511 | 49,106 |
| Dangote Cement Plc | - | - | - | - | 1,779 | 8,244 |
| Dangote Sinotruks West Africa Ltd | - | - | - | 175 | 6,148 | 28,697 |
| Savannah Sugar Company Limited | - | - | - | 8 | 8 | 8 |
| Dangote Peugeot Automobile Nigeria Limited | - | - | - | 59 | 445 | 1,858 |
| | - | 1,566 | 1,215 | 167,825 | 164,274 | 159,617 |
| **Due from entities under common control** | | | | | | |
| Greenview International Corp | 543,851 | 459,855 | 459,855 | - | - | - |
| Solar Plant Project | 1 | 1 | - | 1 | 1 | - |
| Dangote Cement India | 2 | 2 | 2 | 2 | 2 | 2 |
| Kura Aviation Limited | 4 | 4 | 3 | 4 | 4 | 3 |
| Kura Holdings Limited | 17 | 15 | - | 17 | 15 | - |
| DIL Sheretti (A) District A/c | 62 | 62 | 62 | 62 | 62 | 62 |
| LAU Sugar Project | 205 | 205 | 205 | 205 | 205 | 205 |
| First E&P Limited | 343 | 343 | 343 | 343 | 343 | 343 |

## Notes to the Consolidated And Separate Financial Statements

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil | 2020<br>N. mil | 2019<br>Restated<br>N. mil | 2018<br>Restated<br>N. mil |
| **49. Related parties (continued)** | | | | | | |
| Dangote Nigeria Ltd (Central Stores) | 349 | 349 | 349 | 349 | 349 | 349 |
| MHF Properties Ltd | 26 | 399 | 203 | 26 | 399 | 203 |
| Dangote Nigeria Limited | 2,982 | 6,286 | 7,126 | 3,594 | 6,286 | 7,126 |
| Sigma Allied Product | 752 | 948 | 1,144 | 752 | 948 | 1,144 |
| Bluestar Service (rice) | 863 | 863 | 863 | 863 | 863 | 863 |
| Bluestar Oil Services Ltd | 1,349 | 1,349 | 1,349 | 1,349 | 1,349 | 1,349 |
| Salamed Venture Limited | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 |
| Dangote Transport Nigeria Limited | 3,064 | 3,417 | 3,257 | 3,064 | 3,064 | 3,064 |
| Dangote Foundation | 118 | - | - | 118 | - | - |
| Jigawa Sugar Project | 9 | - | - | 9 | - | - |
| Dansa Food | 11,061 | 11,004 | 11,398 | 11,061 | 11,004 | 11,398 |
| Dangote Industries Free Trade Zone | 17,647 | 16,639 | 16,161 | 17,647 | 16,639 | 16,161 |
| Dangote University | - | 4 | 4 | - | 4 | 4 |
| Dangote General Services Limited | - | 126 | 126 | - | 126 | 126 |
| Nigeria Textiles Mills Limited | - | 451 | 451 | - | 451 | 451 |
| Bluestar Gas Processing and Transport Limited | 27 | 700 | 694 | 27 | 700 | 694 |
| Others | 11,402 | 8,255 | 67,293 | 6,160 | 8,245 | 3,938 |
| | 595,484 | 512,627 | 572,238 | 47,003 | 52,409 | 48,835 |
| Total amount due from related parties | 595,484 | 514,193 | 573,453 | 214,828 | 216,683 | 208,452 |
| Allowance for doubtful receivables | (1,838) | (2,113) | (1,712) | (863) | (1,440) | (1,440) |
| **Net amount due from related parties** | **593,646** | **512,080** | **571,741** | **213,965** | **215,243** | **207,012** |
| **Amounts owed to related parties** | | | | | | |
| **Due to subsidiaries** | | | | | | |
| DIL Power Limited | - | - | - | 27 | 27 | 27 |
| Dangote Aviation Services Limited | - | - | - | 465 | 465 | 465 |
| Dangote Flour Mills Plc | - | - | - | - | 216 | 367 |
| Dangote Global Services | - | - | - | 31 | 31 | 31 |
| Dangote Soyabeans Farm Limited | - | - | - | 99 | 99 | - |
| Dangote Wheat Farms Limited | - | - | - | 99 | 99 | - |
| Dangote Sugar Refinery Plc | - | - | - | 3,821 | (1,074) | 2,076 |
| Dangote Cements Plc | - | - | - | 2,939 | 4,344 | 3,548 |
| | - | - | - | 7,481 | 4,207 | 6,514 |
| **Entities under common control** | | | | | | |
| Greenview International Corp | 9,746 | 33,962 | 21,538 | 9,749 | 33,962 | 21,538 |
| Bulk Commodities International Inc. | 35,765 | 29,272 | 29,761 | 35,765 | 29,272 | 29,761 |
| Development Project Corporation | 18,808 | 18,808 | 18,777 | 18,808 | 18,808 | 18,808 |
| Alheri Engineering Company | 10,734 | 10,734 | 13,739 | 10,734 | 10,734 | 13,739 |
| African Cement | 253 | - | - | 253 | - | - |
| Dangote Pasta Limited | - | - | 2,733 | - | - | 2,733 |
| Dangote Nigeria Limited | 612 | - | - | 612 | - | - |
| Blue Star Shipping Limited | 1,596 | 1,904 | 2,608 | 1,596 | 1,904 | 2,608 |
| Dangote University | 53 | - | - | 53 | - | - |
| Dangote Flour Mills Plc | - | - | - | - | 216 | - |
| Others | 35,847 | 41,464 | 33,567 | 4,808 | 4,451 | 804 |
| | 113,414 | 136,144 | 122,723 | 82,378 | 99,347 | 89,991 |
| | 113,414 | 136,144 | 122,723 | 89,859 | 103,554 | 96,505 |

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
| | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |

## 49. Related parties (continued)

| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
|---|---|---|---|---|---|---|
| **Loans from related entity** | | | | | | |
| Greenview International Corp | 689,377 | 440,050 | 236,950 | 656,472 | 440,050 | 236,950 |
| Bulk commodities Limited | 76,021 | 44,976 | 43,153 | 52,506 | 25,388 | 25,388 |
| Dangote Cement Plc | - | - | - | 70,000 | - | - |
| | 765,398 | 485,026 | 280,103 | 778,978 | 465,438 | 262,338 |

| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
|---|---|---|---|---|---|---|
| **Loans to related entities** | | | | | | |
| Dangote Fertilizer Limited | - | - | - | 53,874 | 36,294 | 31,333 |
| Dangote Oil Refining Company Limited | - | - | - | 2,679,478 | 1,716,415 | 1,061,917 |
| Dangote Cement Plc | - | - | - | - | 35,000 | 55,000 |
| Nascon Allied Industries Plc | - | - | - | - | 3,300 | 3,750 |
| Dangote Flour Mills Plc | - | - | - | - | - | - |
| | - | - | - | 2,733,352 | 1,791,009 | 1,152,000 |

**Related party transactions**

The Company usually grants both long and short term loan to subsidiaries to either facilitate project needs or for working capital needs. The interest on this loans varies among different subsidiaries.

Dangote Industries Limited facilitated intercompany loan to Dangote Oil Refining Company Limited and Dangote Fertilizer Limited to facilitate project needs. The loan facility is at an interest rate of 10% and 8.25% per annum to Dangote Oil Refining Company Limited and Dangote Fertilizer Limited respectively and accruing on a monthly basis and repayable on demand.

| | 2020 | 2019 Restated | 2018 Restated | 2020 | 2019 Restated | 2018 Restated |
|---|---|---|---|---|---|---|
| **Compensation to directors and other key management** | | | | | | |
| Short-term employee benefits | 2,969 | 1,969 | 2,262 | 1,009 | 716 | 693 |
| Post-employment benefits - Pension - Defined contribution plan | 24 | 17 | 16 | - | - | - |
| | 2,993 | 1,986 | 2,278 | 1,009 | 716 | 693 |

## 50. Categories of financial instruments

| | Group Carrying amount | | | Company Carrying amount | | |
|---|---|---|---|---|---|---|
| | 2020 N. mil | 2019 N. mil | 2018 N. mil | 2020 N. mil | 2019 N. mil | 2018 N. mil |
| **Non- derivative financial assets** | | | | | | |
| **Measured at Amortised cost** | | | | | | |
| Cash and cash equivalents (Note 36) | 764,012 | 852,741 | 950,434 | 471,224 | 642,067 | 606,384 |
| Finance lease receivables | 15,095 | 15,551 | 8,855 | - | - | - |
| Trade and other receivables (Note 32) | 692,978 | 611,923 | 670,931 | 218,595 | 224,327 | 210,515 |
| Debt instruments (at amortised cost) | 48,430 | 41,275 | 15,938 | 45,453 | 38,298 | 12,961 |
| Loans to related party (Note 35) | - | - | - | 2,733,352 | 1,791,009 | 1,152,000 |
| **Fair value through OCI** | | | | | | |
| Equity instruments at fair value through OCI (Note 33) | 7,056 | 7,072 | 7,148 | 7,059 | 7,066 | 7,142 |
| **Fair value through P/L** | | | | | | |
| Derivative financial assets (Note 34) | 51,831 | 1,091 | 22,455 | 51,831 | 1,091 | 22,455 |
| Other financial assets (Note 33) | 19,458 | 16,212 | 14,547 | 19,458 | 16,212 | 14,546 |
| | 1,598,860 | 1,545,865 | 1,690,308 | 3,546,972 | 2,720,070 | 2,026,003 |
| **Measured at Amortised cost** | | | | | | |
| Bank overdraft (Note 36) | 31,876 | 1,195 | 7,368 | - | - | - |
| Borrowings (Note 39) | 2,283,087 | 1,757,288 | 1,362,975 | 1,755,965 | 1,426,780 | 991,597 |
| Loans from related parties (Note 40) | 765,398 | 485,026 | 280,103 | 778,978 | 465,438 | 262,338 |
| Lease liabilities | 12,575 | 11,178 | - | - | - | - |
| Trade and other payables (Note 46) | 886,174 | 719,312 | 291,708 | 113,176 | 125,010 | 114,849 |
| | 3,979,110 | 2,973,999 | 1,942,154 | 2,648,119 | 2,017,228 | 1,368,784 |

Trade and other receivables exclude prepayments, accrued income and amounts relating to taxation.

Trade and other payables exclude advance received, taxation and statutory deductions.

## 51. Financial instruments and risk management

### Capital risk management

The group's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to safeguard the group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

i. Debt is defined as both current and non-current borrowings.

ii. Equity includes all capital and reserves of the Group and Company that are managed as capital.

The Group's risk management committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group endeavours to maintain an optimum mix of net gearing ratio which provides benefits and manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain the capital or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new and/or bonus shares, or raise debts in favourable market conditions.

The capital structure and gearing ratio of the group at the reporting date was as follows:

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil |
| Borrowings | 39 | 2,283,087 | 1,757,288 | 1,362,975 | 1,755,965 | 1,426,780 | 991,597 |
| Cash and cash equivalents | 36 | (732,136) | (851,546) | (943,066) | (471,224) | (642,067) | (606,384) |
| **Net borrowings** | | **1,550,951** | **905,742** | **419,909** | **1,284,741** | **784,713** | **385,213** |
| Equity | | 2,985,294 | 2,099,323 | 2,844,118 | 1,542,053 | 1,262,617 | 1,144,042 |
| Gearing ratio | | 52 % | 43 % | 15 % | 83 % | 62 % | 34 % |

### Financial risk management

#### Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

The Group's internal audit and risk management team is responsible for monitoring its exposure to each of the mentioned risks. This policy provides guidance over all treasury and finance-related matters and is underpinned by delegated authority guidelines and detailed procedures. The main objectives of the policy are to ensure that sufficient liquidity exists to meet the operational needs of the business, to maintain the integrity and liquidity of the investment portfolio, and to manage the impact of foreign exchange and interest rate volatility on the Group's net income.

51. Financial instruments and risk management (continued)

51.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and credit limits are set, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group has a credit management committee that is responsible for carrying out preliminary credit checks, review and approval of bank guarantees to credit customers. A credit controller also monitors trade receivable balances and resolves credit related matters.

Trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. It also includes receivables from related parties. Ongoing credit evaluation is performed on the financial condition of customers in respect of trade receivable and, where appropriate, bank credit guarantee is obtained.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institution counterparties with high credit ratings assigned by established credit rating agencies.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a general impairment model approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. The impairment allowance on cash and cash equivalents is negligible.

Trade and Other receivables

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

## Notes to the Consolidated And Separate Financial Statements

51. Financial instruments and risk management (continued)

| Group | | 2020 | | | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Debt instruments at amortised cost | 26 | 48,430 | - | 48,430 | 41,275 | - | 41,275 | 15,938 | - | 15,938 |
| Lease receivables | 27 | 15,095 | - | 15,095 | 15,551 | - | 15,551 | 8,855 | - | 8,855 |
| Trade receivables | 32 | 37,689 | (2,320) | 35,369 | 43,739 | (1,534) | 42,205 | 47,375 | (2,270) | 45,105 |
| Related party receivables | 32 | 595,484 | (1,838) | 593,646 | 514,193 | (2,113) | 512,080 | 573,453 | (1,712) | 571,741 |
| Other receivables | 32 | 64,446 | (483) | 63,963 | 57,695 | (57) | 57,638 | - | (1,110) | (1,110) |
| Cash and cash equivalents | 36 | 764,012 | - | 764,012 | 852,741 | - | 852,741 | 950,434 | - | 950,434 |
| | | 1,525,156 | (4,641) | 1,520,515 | 1,525,194 | (3,704) | 1,521,490 | 1,596,055 | (5,092) | 1,590,963 |

| Company | | 2020 | | | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Loans to group companies | 35 | 2,733,352 | - | 2,733,352 | 1,791,009 | - | 1,791,009 | 1,152,000 | - | 1,152,000 |
| Debt instrument at amortised cost | 26 | 45,453 | - | 45,453 | 38,298 | - | 38,298 | 12,961 | - | 12,961 |
| Related party receivables | 32 | 214,828 | (863) | 213,965 | 216,683 | (1,440) | 215,243 | 208,452 | (1,440) | 207,012 |
| Other receivables | 32 | 4,630 | - | 4,630 | 9,084 | - | 9,084 | - | - | - |
| Cash and cash equivalents | 36 | 471,224 | - | 471,224 | 642,067 | - | 642,067 | 606,384 | - | 606,384 |
| | | 3,469,487 | (863) | 3,468,624 | 2,697,141 | (1,440) | 2,695,701 | 1,979,797 | (1,440) | 1,978,357 |

### 51.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

51. Financial instruments and risk management (continued)

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group'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's policy is that not more than 40% of borrowings should mature in the next 12-month period. 33% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 40%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Maturity analysis of financial liabilities

The following tables detail the Group and Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Group - 2020

| | | | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Carrying amount N. mil | Total N. mil | Less than 1 month N. mil | 1 to 3 months N. mil | 3 months to 1 year N. mil | 1 to 5 years N. mil | Over 5 years N. mil |
| Trade payables | 46 | 175,267 | 175,267 | - | 175,267 | - | - | - |
| Loans from group companies | 40 | 765,398 | 765,398 | - | - | 765,398 | - | - |
| Borrowings | 39 | 2,283,087 | 2,283,087 | 513,324 | 80,524 | 110,083 | 1,270,669 | 308,487 |
| Lease liabilities | 45 | 12,575 | 16,007 | - | - | 3,593 | - | 12,414 |
| Bank overdraft | 36 | 31,876 | 31,876 | 31,876 | - | - | - | - |
| Other payables | 46 | 710,907 | 891,138 | - | 891,138 | - | - | - |
| | | 3,979,110 | 4,162,773 | 545,200 | 1,146,929 | 879,074 | 1,270,669 | 320,901 |

Group - 2019

| | | | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Carrying amount N. mil | Total N. mil | Less than 1 month N. mil | 1 to 3 months N. mil | 3 months to 1 year N. mil | 1 to 5 years N. mil | Over 5 years N. mil |
| Trade payables | 46 | 111,315 | 111,315 | - | 111,315 | - | - | - |
| Loans from group companies | 40 | 485,026 | 485,026 | - | - | 485,026 | - | - |
| Borrowings | 39 | 1,757,288 | 1,757,288 | 2,048 | 85,987 | 82,811 | 1,586,442 | - |
| Lease liabilities | 45 | 11,178 | 14,900 | - | - | 12,879 | 2,021 | - |
| Bank overdraft | 36 | 1,195 | 1,195 | 1,195 | - | - | - | - |
| Other payables | | 607,997 | 861,850 | - | 861,850 | - | - | - |
| | | 2,973,999 | 3,231,574 | 3,243 | 1,059,152 | 580,716 | 1,588,463 | - |

51. **Financial instruments and risk management (continued)**

Company - 2020

| | | | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Carrying amount N. mil | Total N. mil | Less than 1 month N. mil | 1 to 3 months N. mil | 3 months to 1 year N. mil | 1 to 5 years N. mil | Over 5 years N. mil |
| Trade payables | 46 | 2,307 | 2,307 | - | 2,307 | - | - | - |
| Loans from group companies | 40 | 778,978 | 778,978 | - | - | 778,978 | - | - |
| Borrowings | 39 | 1,755,965 | 1,755,965 | - | 80,524 | 96,287 | 1,270,669 | 308,485 |
| Other payable | | 110,869 | 110,869 | - | 110,869 | - | - | - |
| | | 2,648,119 | 2,648,119 | - | 193,700 | 875,265 | 1,270,669 | 308,485 |

Company - 2019

| | | | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Carrying amount N. mil | Total N. mil | Less than 1 month N. mil | 1 to 3 months N. mil | 3 months to 1 year N. mil | 1 - 5 years N. mil | Over 5 years N. mil |
| Trade payables | 46 | 2,456 | 2,456 | - | 2,456 | - | - | - |
| Loans from group companies | 40 | 465,438 | 465,438 | - | - | 465,438 | - | - |
| Borrowings | 39 | 1,426,780 | 1,426,780 | 40,710 | 31,194 | 139,095 | 1,215,781 | - |
| Other payable | | 122,554 | 122,554 | - | 122,554 | - | - | - |
| | | 2,017,228 | 2,017,228 | 40,710 | 156,204 | 604,533 | 1,215,781 | - |

51.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, exchange rates and other prices.

The Group's activities expose it primarily to financial risks of changes in foreign currency exchange rates, interest rates, equity prices and commodity prices. Financial instruments affected by market risk include cash and cash equivalents, trade and other receivables and trade and other payables. Market risks exposures are measured using sensitivity analysis. There has been no change to the manner in which these risks are managed and measured.

51.3.1 Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

The Group carries out certain transaction in US Dollars, and as such is exposed to variation in exchange rate movement.

Effective closing rate as at 31 December 2020 is N400.33 / US Dollar (2019: 338.5 / US Dollar).

51. Financial instruments and risk management (continued)

**Foreign currency exposure at the end of the reporting period**

The net carrying amounts, in Naira, of the various exposures, are denominated in the following currencies. The amounts have been presented in Naira by converting the foreign currency amounts at the closing rate at the reporting date:

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil |
| Assets | 26 | 301,261 | 453,654 | 559,522 | 3,011,760 | 2,190,630 | 1,644,491 |
| Liabilities | 32 | (2,343,288) | (1,854,772) | (1,221,779) | (2,343,288) | (1,854,772) | (1,221,779) |
| Net US Dollar exposure | | (2,042,027) | (1,401,118) | (662,257) | 668,472 | 335,858 | 422,712 |

**Foreign currency sensitivity analysis**

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The following table details the Group and Company's sensitivity to a 3%, increase and decrease in the value of Naira against USD. Management believes that a 3% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analysis below include outstanding balances of USD denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 3% against the USD. For a 3% weakening of Naira against the USD there would be an equal and opposite impact on profit, and the balances below would be negative.

| Group | 2020 | 2020 | 2019 | 2019 | 2018 | 2018 |
|---|---|---|---|---|---|---|
| Increase or decrease in rate | Increase<br>N. mil | Decrease<br>N. mil | Increase<br>N. mil | Decrease<br>N. mil | Increase<br>N. mil | Decrease<br>N. mil |
| Impact on profit or loss:<br>Naira changes by 3% against the USD | (61,261) | 61,261 | (42,034) | 42,034 | (19,868) | 19,868 |

| Company | 2020 | 2020 | 2019 | 2019 | 2018 | 2018 |
|---|---|---|---|---|---|---|
| Increase or decrease in rate | Increase<br>N. mil | Decrease<br>N. mil | Increase<br>N. mil | Decrease<br>N. mil | Increase<br>N. mil | Decrease<br>N. mil |
| Impact on profit or loss:<br>Naira changes by 3% against the USD | 20,054 | (20,054) | 10,076 | (10,076) | 12,681 | (12,681) |

51. Financial instruments and risk management (continued)

### 51.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Group maintains a centralised treasury department and Group borrowing is done in order to obtain lower interest rates. The Group negotiates long term credit facilities and obtains subsidised loans from the Government in order to reduce the risk associated with high cost of borrowing. The Group also takes advantage of the Central Bank of Nigeria intervention funds and grants from the Federal Government at below market rate in order to mitigate this risk.

The Group is exposed to interest risk via floating rate interest bearing loans which are tied to the Monetary Pricing Rate (MPR) in Nigeria.

**Interest rate sensitivity analysis**

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The following table details the sensitivity to a 2% increase or decrease in MPR which is the range of margin by which the CBN's long term outlook for 2019 expects changes to occur.

| Group | 2020 | 2020 | 2019 | 2019 | 2018 | 2018 |
|---|---|---|---|---|---|---|
| Increase or (decrease) in rate | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Impact on profit or loss: | | | | | | |
| Borrowings | (40,328) | 40,328 | (42,587) | 42,587 | (31,567) | 31,567 |

| Company | 2020 | 2020 | 2019 | 2019 | 2018 | 2018 |
|---|---|---|---|---|---|---|
| Increase or (decrease) in rate | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Impact on profit or loss: | | | | | | |
| Borrowings | (37,902) | 37,902 | (37,844) | 37,844 | (25,079) | 25,079 |

### 51.3.3 Price risk

The Group is exposed to both commodity and equity price risk.

The commodity risk arises from the Group's need to buy specific quantity and quality of raw materials. The risk is partly mitigated by buying these raw materials several months in advance of use.

The equity price risks arises from changes in the market price of equity investments held by the Company and major subsidiaries; Dangote Cement Plc, Dangote Sugar Refinery Plc and NASCON Plc.

## Notes to the Consolidated And Separate Financial Statements

52. Fair value information

Accounting classification and fair values

The following table shows the carrying amount and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| 31 December 2020<br>Amounts in (N. mil) | Note | Carrying amount<br>Fair value - through - PL | Financial assets measured at amortised cost | Fair-value-through-OCI | Total | Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Assets measured at fair value** | | | | | | | | | |
| Forward and futures exchange contracts | 34 | 51,831 | - | - | 51,831 | - | - | 51,831 | 51,831 |
| Equity securities | 33 | 19,458 | - | 7,056 | 26,514 | 5,731 | 19,458 | 1,325 | 26,514 |
| | | 71,289 | - | 7,056 | 78,345 | 5,731 | 19,458 | 53,156 | 78,345 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Loan to group companies | 35 | - | - | - | - | - | - | - | - |
| Trade and other receivables | 32 | - | 692,978 | - | 692,978 | - | 692,978 | - | 692,978 |
| Cash and cash equivalents | 36 | - | 764,012 | - | 764,012 | 764,012 | - | - | 764,012 |
| Debt instrument | 26 | - | 48,430 | - | 48,430 | - | 48,430 | - | 48,430 |
| | | - | 1,505,420 | - | 1,505,420 | 764,012 | 741,408 | - | 1,505,420 |
| | | - | - | - | - | 764,012 | - | - | - |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Bank overdrafts | 36 | - | 31,876 | - | 31,876 | 31,876 | - | - | 31,876 |
| Forward and futures exchange contracts | 34 | 104 | - | - | 104 | - | - | 104 | 104 |
| Borrowings | 39 | - | 2,283,087 | - | 2,283,087 | - | 2,283,087 | - | 2,283,087 |
| Loan from related parties | 40 | - | 765,398 | - | 765,398 | - | 765,398 | - | 765,398 |
| Lease payable | 45 | - | 12,575 | - | 12,575 | - | 12,575 | - | 12,575 |
| Trade and other payables (excluding non-financial liabilities) | 46 | - | 886,174 | - | 886,174 | - | 886,174 | - | 886,174 |
| | | 104 | 3,979,110 | - | 3,979,214 | 31,876 | 3,947,234 | 104 | 3,979,214 |

## Notes to the Consolidated And Separate Financial Statements

52. Fair value information (continued)

| 31 December 2019<br>Amounts in (N. mil) | Note | Carrying amount<br>Fair value - through - PL | Financial instruments measured at amortised cost | Fair-value-through-OCI | Total | Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Assets measured at fair value** | | | | | | | | | |
| Forward and futures exchange contracts used for hedging | 34 | 1,091 | - | - | 1,091 | - | - | 1,091 | 1,091 |
| Equity securities | 33 | 16,212 | - | 7,072 | 23,284 | 5,221 | 16,212 | 1,851 | 23,284 |
| | | 17,303 | - | 7,072 | 24,375 | 5,221 | 16,212 | 2,942 | 24,375 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables | 32 | - | 611,923 | - | 611,923 | - | 611,923 | - | 611,923 |
| Cash and cash equivalents | 36 | - | 852,741 | - | 852,741 | 852,741 | - | - | 852,741 |
| Debt instrument | 26 | - | 41,275 | - | 41,275 | - | 41,275 | - | 41,275 |
| | | - | 1,505,939 | - | 1,505,939 | 852,741 | 653,198 | - | 1,505,939 |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Bank overdrafts | 36 | - | 1,195 | - | 1,195 | 1,195 | - | - | 1,195 |
| Borrowings | 39 | - | 1,757,288 | - | 1,757,288 | - | 1,757,288 | - | 1,757,288 |
| Loan from related parties | 39 | - | 485,026 | - | 485,026 | - | 485,026 | - | 485,026 |
| Lease payable | 45 | - | 11,178 | - | 11,178 | - | 11,178 | - | 11,178 |
| Trade and other payables (excluding non-financial payables) | 46 | - | 719,312 | - | 719,312 | - | 719,312 | - | 719,312 |
| | | - | 2,973,999 | - | 2,973,999 | 1,195 | 2,972,804 | - | 2,973,999 |

## Notes to the Consolidated And Separate Financial Statements

52. Fair value information (continued)

| Company<br>31 December 2020<br>Amounts in (N. mil) | Note | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Fair value - through - PL | Financial assets measured at amortised cost | Fair-value-through-OCI | Total | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** | | | | | | | | | |
| Investment property | 21 | 2,910 | - | - | 2,910 | - | - | 2,910 | 2,910 |
| Forward and futures exchange contracts | 34 | 51,831 | - | - | 51,831 | - | - | 51,831 | 51,831 |
| Equity securities | 33 | 19,458 | - | 7,059 | 26,517 | 5,731 | 19,458 | 1,328 | 26,517 |
| | | 74,199 | - | 7,059 | 81,258 | 5,731 | 19,458 | 56,069 | 81,258 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Loan to group companies | 35 | - | 2,740,824 | - | 2,740,824 | - | 2,740,824 | - | 2,740,824 |
| Trade and other receivables | 32 | - | 218,595 | - | 218,595 | - | 218,595 | - | 218,595 |
| Cash and cash equivalents | 36 | - | 471,224 | - | 471,224 | 471,224 | - | - | 471,224 |
| Debt instrument | 26 | - | 45,453 | - | 45,453 | - | 45,453 | - | 45,453 |
| | | - | 3,476,096 | - | 3,476,096 | 471,224 | 3,004,872 | - | 3,476,096 |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Bank overdrafts | 36 | - | - | - | - | - | - | - | - |
| Borrowings | 39 | - | 1,755,965 | - | 1,755,965 | - | 1,755,965 | - | 1,755,965 |
| Loan from related parties | 40 | - | 778,978 | - | 778,978 | - | 778,978 | - | 778,978 |
| Trade and other payables (excluding non-financial payables) | 46 | - | 113,176 | - | 113,176 | - | 113,176 | - | 113,176 |
| | | - | 2,648,119 | - | 2,648,119 | - | 2,648,119 | - | 2,648,119 |

## Notes to the Consolidated And Separate Financial Statements

### 52. Fair value information (continued)

| 31 December 2019<br>Amounts in (N. mil) | Note | Carrying amount<br>Fair value - through - PL | Financial instruments measured at amortised cost | Fair-value-through-OCI | Total | Fair value<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Assets measured at fair value** | | | | | | | | | |
| Forward and futures exchange contracts | 34 | 1,091 | - | - | 1,091 | - | - | 1,091 | 1,091 |
| Equity securities | 33 | 16,212 | - | 7,066 | 23,278 | 5,221 | 16,212 | 1,845 | 23,278 |
| | | 17,303 | - | 7,066 | 24,369 | 5,221 | 16,212 | 2,936 | 24,369 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables | 32 | - | 224,327 | - | 224,327 | - | 224,327 | - | 224,327 |
| Long term receivable | 35 | - | 1,798,481 | - | 1,798,481 | - | 1,798,481 | - | 1,798,481 |
| Cash and cash equivalents | 36 | - | 642,067 | - | 642,067 | 642,067 | - | - | 642,067 |
| Debt instrument | 26 | - | 38,298 | - | 38,298 | - | 38,298 | - | 38,298 |
| | | - | 2,703,173 | - | 2,703,173 | 642,067 | 2,061,106 | - | 2,703,173 |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Borrowings | 39 | - | 1,426,780 | - | 1,426,780 | - | 1,426,780 | - | 1,426,780 |
| Loan from related parties | 40 | - | 465,438 | - | 465,438 | - | 465,438 | - | 465,438 |
| Trade and other payables (excluding non-financial payables) | 46 | - | 125,010 | - | 125,010 | - | 125,010 | - | 125,010 |
| | | - | 2,017,228 | - | 2,017,228 | - | 2,017,228 | - | 2,017,228 |

**Fair valuation of financial assets and liabilities**

The carrying amount of trade and other receivables, cash and bank balances and amounts due from and to related parties as well as trade payables, other payables approximate their fair values because of the short-term nature of these instruments and, for trade and other receivables. For loans and borrowings payable at fixed rates, fair value has been estimated by reference to the market rates available at the balance sheet date for similar instruments of maturity equal to the remaining fixed period. Management has determined that the fair value of loans and borrowings is not significantly different from their carrying amount.

Fair value through OCI instrument (measured at fair value) are re-measured at every reporting period with market values obtained from Nigerian Stock Exchange.

## 52. Fair value information (continued)

### Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

#### Financial instruments in Level 1

The fair value of financial instruments traded in active markets (quoted equity) is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis

The quoted market price used for quoted equity investment held by the Company is the bid price at the reporting date. These instruments are included in level 1. There were no transfers between levels during the year

#### Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (loans and borrowings) is determined by using discounted cash flow valuation techniques. This valuation technique maximize the use of observable market data by using the market related interest rate for discounting the contractual cash flows. There are no significant unobservable inputs. There were no transfers between levels during the year. The basis of measurement has remained the same between current and prior years.

The fair value of future and forward exchange contracts is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

#### Financial instrument in Level 3

The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of non-marketability of the equity securities.

#### Financial instruments not measured at fair value

The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

## 53. Commitments

### Financial and Capital commitments

Capital expenditure commitments for the Group and Company as at 31 December 2020 was N214.6 billion and N84.8 billion (2019 N133.7 billion and N2.7 billion) respectively.

### Guarantees

The Company provided guarantee of N15 billion to Dangote Fertilizer Limited in respect of the agreement established with NGC and NNPC for the supply of gas.

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

## 54. Contingencies

No provision has been made in these consolidated financial statements for contingent liabilities in respect of pending litigation attributable to the Group amounting to N9.1 billion (2019: N82.8 billion) as the directors are of the opinion, based on solicitors' advice, that they have good defence against the actions and that there is no likelihood of any loss arising therefrom. The amount attributable to the Company in respect of contingent liabilities as at 31 December 2020 was N7.9 billion (2019: N6.5 billion).

## 55. Events after the reporting period

The directors are of the opinion that there were no post balance sheet events that could have material effect on the state of affairs of the Company at 31 December 2020 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

**56. Changes in presentation, reclassification and restatement of comparatives**

During the year, the Group restated the financial statements for prior periods for the following reasons:

**Re-assessment of the controlling interest**

Before the current reporting period, the Group's interest in Dangote Oil Refining Company Limited (DORCL) and Dangote Fertilizer Limited (DFL) were treated as ordinary equity investments based on a shareholding of 9.5% and 9.8% in each respectively. During the year, control was evaluated for DORC and DFL, as they were nearing completion and two Companies due to commence operations in the coming year. The decision to consolidate the financial statements of Dangote Oil Refining Company Limited (DORCL) and Dangote Fertilizer Limited (DFL) with Dangote Industries Limited (the Company), was reached based on the analysis below:

Specifically, an investor controls an investee if and only if the investor has all of the following elements:

i. Power over the investee;

ii. Exposure, or rights, to variable returns from its involvement with the investee; and

iii. The ability to use its power over the investee to affect the amount of the investor's returns.

From the assessment of control, it was concluded that the Company has power over the investees (DORCL and DFL) as the key decision-makers- President, Vice President, Group Managing Director and Group Executive Director of DIL are the Directors of both DORCL and DFL with full powers and responsibility as clearly stated in the Memorandum of Association and Articles of Association of both Companies. The Board of DIL has ultimate responsibility and powers over the operations, investment, financing and dividend decisions of the two companies. In addition, the previous controlling parent of both entities, Greenview International Corp also ceded its controlling right and recognised Dangote Industries Limited control over both DORCL and DFL since the inception of these investees. Based on these, all the conditions of control as required by IFRS 10 are fulfilled despite its shareholding. To effect this in the financial statements, the Group restated the comparative period and the beginning of the comparative period as a correction of prior period error. The impact of the restatement on each line item is shown in the detailed restatement section.

**Consolidation of previously immaterial subsidiaries**

Some of the subsidiaries of the Companies that were at project phase were not consolidated in prior periods as they were not considered material at the Group level and had no operations. These entities were previously reported as financial assets in the group financial statements.

In the current year, these investments were reconsidered for consolidation and these subsidiaries financial results have been consolidated in the Group financial statements. The subsidiaries are: -Dangote Granite Mine Limited (DGML), Dangote Coal Mine Limited (DCML), Dangote Peugeot Automobile of Nigeria Limited (DPAN), Dangote Wheat Farms Limited (DWF), Dangote Soya beans Farms Limited (DSF), Dangote Diaries Limited (DDL) and Dangote Tomato Farms Limited (DTF). Details of shareholding are presented in the investment in subsidiaries notes.

**Re-classification of line items for better presentation and understanding**

In line with IAS 1, some financial items have been reclassified and represented in the financial statements of the Company for better understanding and fairer presentation. The impact of reclassification on each line item on comparatives is presented in the notes.

The following tables summarise the adjustments arising from change in the presentation and correction of prior period errors on the statement of financial position and statement of profit or loss and other comprehensive income. The changes have been made by restating each of the affected financial statements line items for prior periods. The changes in presentation were made in order to enhance fairer presentation while restatements address errors in prior years.

## 56. Changes in presentation, reclassification and restatement of comparatives (continued)

**Statement of financial position**

| | Note | Group As reported in 2019 financial year N. mil | Group Reclassification/ Restatement N. mil | Group 2020 comparative presentation N. mil | Company As reported in 2019 financial year N. mil | Company Reclassification/ Restatement N. mil | Company 2020 comparative presentation N. mil |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant and equipment | a | 1,412,965 | 2,219,453 | 3,632,418 | 23,499 | - | 23,499 |
| Right-of-use assets | b | 17,915 | (2,838) | 15,077 | - | - | - |
| Intangible assets | c | 5,981 | 125,398 | 131,379 | 10 | - | 10 |
| Investments in subsidiaries | d | - | - | - | 98,159 | 2,657 | 100,816 |
| Investments in associate | | 4,961 | - | 4,961 | - | - | - |
| Other financial assets | e | 2,983 | (2,983) | - | - | - | - |
| Debt instrument at amortised cost | f | - | 41,275 | 41,275 | - | 38,298 | 38,298 |
| Investments at fair value | g | - | 7,072 | 7,072 | - | 7,066 | 7,066 |
| Finance lease receivables | h | 2,128 | 9,157 | 11,285 | - | - | - |
| Deferred tax | i | 56,965 | 3,103 | 60,068 | - | - | - |
| Prepayments | j | 51,233 | 266,569 | 317,802 | - | - | - |
| Other investments | k | 451,868 | (451,868) | - | 451,868 | - | 451,868 |
| Total impact on non-current assets | - | 2,006,999 | 2,214,338 | 4,221,337 | 573,536 | 48,021 | 621,557 |
| Current assets | | | | | | | |
| Biological assets | | 2,069 | - | 2,069 | - | - | - |
| Inventories | l | 262,800 | 2,972 | 265,772 | - | - | - |
| Loans to group companies | m | 1,752,709 | (1,752,709) | - | 1,791,009 | - | 1,791,009 |
| Trade and other receivables | n | 258,497 | 381,076 | 639,573 | 217,746 | 7,370 | 225,116 |
| Investments at fair value | g | - | 16,212 | 16,212 | - | 16,212 | 16,212 |
| Other financial assets | e | 69,220 | (69,220) | - | 68,908 | (68,908) | - |
| Derivatives | o | - | 1,091 | 1,091 | - | 1,091 | 1,091 |
| Finance lease receivables | | 4,266 | - | 4,266 | - | - | - |
| Prepayments | j | 27,840 | 3,018 | 30,858 | 2,137 | 69 | 2,206 |
| Cash and cash equivalents | p | 839,942 | 12,799 | 852,741 | 642,067 | - | 642,067 |
| Investment in subsidiary held for sale | | 869 | - | 869 | - | - | - |
| Total impact on current assets | | 3,218,212 | (1,404,761) | 1,813,451 | 2,721,867 | (44,166) | 2,677,701 |
| **Impact on total assets** | | 5,225,211 | 809,577 | 6,034,788 | 3,295,403 | 3,855 | 3,299,258 |
| Equity and liabilities | | | | | | | |
| Capital and reserves | | | | | | | |
| Share capital | | 1,000 | - | 1,000 | 1,000 | - | 1,000 |
| Retained income | q | 2,110,309 | (101,787) | 2,008,522 | 1,261,731 | - | 1,261,731 |
| Non-controlling interest | r | 172,480 | 434,798 | 607,278 | - | - | - |
| Foreign exchange translation reserve | s | (65,041) | 154,954 | 89,913 | - | - | - |
| Employee benefit reserve | t | - | - | - | - | - | - |
| Fair value reserve | t | (3,437) | 3,320 | (117) | (41) | (76) | (117) |
| Capital reserve | t | 21,413 | (21,413) | - | - | - | - |
| Impact on total equity | | 2,236,724 | 469,872 | 2,706,596 | 1,262,690 | (76) | 1,262,614 |
| Non- current liabilities | | | | | | | |
| Loans from group companies | u | - | 19,588 | 19,588 | - | - | - |
| Borrowings | v | 1,649,305 | (62,863) | 1,586,442 | 1,426,780 | - | 1,426,780 |
| Lease liabilities | w | 3,722 | 5,435 | 9,157 | - | - | - |
| Retirement benefit obligation | | 1,205 | - | 1,205 | 1,022 | - | 1,022 |
| Deferred income | x | 369 | 30,020 | 30,389 | - | - | - |
| Deferred tax | | 109,187 | 1,115 | 110,302 | 3,764 | - | 3,764 |
| Provisions | | 3,684 | - | 3,684 | - | - | - |
| | | 1,767,472 | (6,705) | 1,760,767 | 1,431,566 | - | 1,431,566 |

56. Changes in presentation, reclassification and restatement of comparatives (continued)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Current liabilities | | | | | | | |
| Trade and other payables | y | 664,923 | 193,993 | 858,916 | 126,197 | 3,931 | 130,128 |
| Loans from group companies | u | - | 465,438 | 465,438 | - | 465,438 | 465,438 |
| Borrowings | v | 485,067 | (314,221) | 170,846 | 465,438 | (465,438) | - |
| Lease liabilities | | 2,021 | - | 2,021 | - | - | - |
| Operating lease accrual | | - | - | - | - | - | - |
| Retirement benefit obligation | | 980 | - | 980 | - | - | - |
| Deferred income | | 149 | - | 149 | - | - | - |
| Current tax payable | z | 67,875 | 5 | 67,880 | 9,512 | - | 9,512 |
| Provisions | | - | - | - | - | - | - |
| Dividend payable | | - | - | - | - | - | - |
| Bank overdraft | | - | 1,195 | 1,195 | - | - | - |
| Total impact on current liabilities | | 1,221,015 | 346,410 | 1,567,425 | 601,147 | 3,931 | 605,078 |
| Impact on total liabilities | | 2,988,487 | 339,705 | 3,328,192 | 2,032,713 | 3,931 | 2,036,644 |
| Impact on total equity and liabilities | | 5,225,211 | 809,577 | 6,034,788 | 3,295,403 | 3,855 | 3,299,258 |

## 56. Changes in presentation, reclassification and restatement of comparatives (continued)

### Statement of financial position

| | Note | Group As reported in 2018 financial year N. mil | Group Reclassification/ Restatements N. mil | Group 2020 comparative presentation N. mil | Company As reported in 2018 financial year N. mil | Company Reclassification/ Restatements N. mil | Company 2020 comparative presentation N. mil |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | a | 1,348,913 | 1,329,041 | 2,677,954 | 17,061 | - | 17,061 |
| Intangible assets | c | 7,845 | 126,063 | 133,908 | 14 | - | 14 |
| Investments in subsidiaries | d | - | - | - | 82,439 | 573 | 83,012 |
| Investments in associate | | 4,312 | - | 4,312 | - | - | - |
| Other financial assets | e | 2,983 | (2,983) | - | - | - | - |
| Debt instruments (at amortised cost) | f | - | 15,938 | 15,938 | - | 12,961 | 12,961 |
| Investments at fair value | g | - | 7,148 | 7,148 | - | 7,142 | 7,142 |
| Finance lease receivables | | 6,475 | - | 6,475 | - | - | - |
| Deferred tax | i | 48,855 | 1,115 | 49,970 | - | - | - |
| Prepayments | j | 52,310 | 287,647 | 339,957 | - | - | - |
| Other investments | k | 420,285 | (420,285) | - | 420,285 | - | 420,285 |
| Total impact on non-current assets | | 1,891,978 | 1,343,684 | 3,235,662 | 519,799 | 20,676 | 540,475 |
| **Current assets** | | | | | | | |
| Biological assets | | 1,841 | - | 1,841 | - | - | - |
| Inventories | l | 226,640 | 499 | 227,139 | - | - | - |
| Loans to group companies | m | 1,093,250 | (1,093,250) | - | 1,152,000 | - | 1,152,000 |
| Trade and other receivables | n | 240,408 | 454,857 | 695,265 | 203,641 | 8,394 | 212,035 |
| Investments at fair value | g | - | 14,547 | 14,547 | - | 14,546 | 14,546 |
| Other financial assets | e | 59,972 | (59,972) | - | 59,593 | (59,593) | - |
| Derivatives | | - | 22,455 | 22,455 | - | 22,455 | 22,455 |
| Finance lease receivables | | 2,380 | - | 2,380 | - | - | - |
| Prepayments | j | 30,939 | 484 | 31,423 | 418 | 9 | 427 |
| Cash and cash equivalents | p | 852,254 | 98,180 | 950,434 | 606,383 | 1 | 606,384 |
| Non-current assets held for sale | | 869 | - | 869 | - | - | - |
| Total impact on current assets | | 2,508,553 | (562,200) | 1,946,353 | 2,022,035 | (14,188) | 2,007,847 |
| **Impact on total assets** | | **4,400,531** | **781,484** | **5,182,015** | **2,541,834** | **6,488** | **2,548,322** |
| **Equity and liabilities** | | | | | | | |
| **Capital and reserves** | | | | | | | |
| Share capital | | 1,000 | - | 1,000 | 1,000 | - | 1,000 |
| Retained income | q | 2,055,520 | 93,897 | 2,149,417 | 1,143,084 | - | 1,143,084 |
| Non-controlling interest | r | 182,000 | 523,688 | 705,688 | - | - | - |
| Foreign exchange translation reserve | s | 67,584 | 40,712 | 108,296 | - | - | - |
| Fair value reserve | t | (3,361) | 3,320 | (41) | (41) | - | (41) |
| Employee benefit reserve | t | 583 | (583) | - | - | - | - |
| Capital reserve | t | 21,413 | - | 21,413 | - | - | - |
| Impact on total equity | | 2,324,739 | 661,034 | 2,985,773 | 1,144,043 | - | 1,144,043 |
| **Non- current liabilities** | | | | | | | |
| Loans from related parties | u | - | 17,765 | 17,765 | - | - | - |
| Borrowings | v | 1,296,027 | 35,650 | 1,331,677 | 991,597 | - | 991,597 |
| Retirement benefit obligation | | 1,284 | - | 1,284 | 1,062 | - | 1,062 |
| Deferred income | | 516 | 7,908 | 8,424 | - | - | - |
| Deferred tax | x | 98,966 | 1,115 | 100,081 | 3,764 | - | 3,764 |
| Provisions | | 2,753 | - | 2,753 | - | - | - |
| | | 1,399,546 | 62,438 | 1,461,984 | 996,423 | - | 996,423 |

## 56. Changes in presentation, reclassification and restatement of comparatives (continued)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Current liabilities | | | | | | | |
| Trade and other payables | y | 361,367 | 39,346 | 400,713 | 127,826 | 6,488 | 134,314 |
| Loans from group companies | u | - | 262,338 | 262,338 | - | 262,338 | 262,338 |
| Borrowings | v | 282,333 | (251,035) | 31,298 | 262,338 | (262,338) | - |
| Retirement benefit obligation | | 970 | - | 970 | - | - | - |
| Deferred income | | 314 | - | 314 | - | - | - |
| Current tax payable | | 31,257 | - | 31,257 | 11,204 | - | 11,204 |
| Provisions | | 5 | (5) | - | - | - | - |
| Bank overdraft | | - | 7,368 | 7,368 | - | - | - |
| Total impact on current liabilities | | 676,246 | 58,012 | 734,258 | 401,368 | 6,488 | 407,856 |
| Impact on total liabilities | | 2,075,792 | 120,450 | 2,196,242 | 1,397,791 | 6,488 | 1,404,279 |
| Impact on total equity and liabilities | | 4,400,531 | 781,484 | 5,182,015 | 2,541,834 | 6,488 | 2,548,322 |

## 56. Changes in presentation, reclassification and restatement of comparatives (continued)

NOTES

a) **Property, plant and equipment (PPE)** - The increase in PPE is a result of consolidating the PPE of the newly added subsidiaries in the Group.

b) **Right of use (ROU) assets** - The increase in the ROU assets arose from the intangible assets of Dangote Oil Refining Plc and Dangote Peugeot Automobile Nigeria Limited.

c) **Intangible asset** - The increase in intangible assets was due to the inclusion of the other subsidiaries previously not consolidated as part of the Group especially DORC.

d) **Investment in subsidiary**- The change in investment in subsidiary was due to the reclassification of investments in DORCL, DFL, DGML, DCML, DPAN, DWF, DSF, DDF and DTF from other financial assets to investment in subsidiaries.

e) **Other financial assets** – Investments in DGML, DCML, DPAN, DWF, DSF, DDF and DTF (subsidiaries) were reclassified to investments in subsidiaries, Also, other financial assets ( such as debt instruments held at amortised costs and investments held at fair value ) have now been reclassified from other financial assets and presented separately on the face of the statement of financial position for better presentation.

f) **Debt instrument at amortized cost** - Debts measured at amortized cost presented previously presented as part of other financial assets has now been separately presented in the statement of financial position. The make-up of the balance is cash call and investment in FGN bonds.

g) **Investments at fair value** - Investments held at fair value which was initially presented as part of other financial assets have now been more appropriately presented as investments at fair value and shown separately in the statement of financial position.

h) **Finance lease receivable** - In 2019, the Group erroneously netted off the finance lease liability against finance lease receivable. This was discovered in the current period and corrected by appropriately reclassifying the amount to lease liabilities.

i) **Deferred tax assets** - The increase in deferred tax assets is a result of the consolidation of the financial statements of Dangote Coal Mines Limited to the Group

j) **Prepayment**- The increase in prepayment is a result of the consolidation of the newly added subsidiaries in the Group.

k) **Other investments** - Other investment value reduced due to the consolidation of DORCL and DFL, the investment value as part of the capital contribution in the entities reported at the Group level is now eliminated.

l) **Inventories** - The increase is a result of additions from Dangote Oil Refinery Limited, Dangote Fertilizer Limited, Dangote Coal Mines Limited and Dangote Granite Mines Limited which were not initially consolidated in the comparative year.

m) **Loans to group companies** - The decrease in the loans to group companies is a result of intercompany elimination of balances due from DORCL and DFL which are now consolidated.

n) **Trade and other receivables** - The increase is a result of the additional assets from new subsidiaries consolidated during the year. Also, some credit balances previously classified as part of receivables from related parties were reclassified to payable to related parties.

o) **Derivatives** - For better presentation of line items, derivatives previously presented as part of other financial assets has now been shown separately in the statement of financial position.

p) **Cash and cash equivalents** - The increase in cash and cash equivalent was due to the inclusion of the newly consolidated entities.

q) **Retained earnings** - The adjustment represents the parent company share of the opening retained earnings of the newly consolidated entities and the parent share of profit or loss of these new entities for the year.

r) **Non-controlling interests (NCI)** - The change in Non-Controlling interest (NCI) is due to the allocation of the opening balance of the net assets of subsidiaries not previously consolidated as part of the Group and the NCI share of profit or loss of these new entities for the year.

s) **Foreign Exchange Translation Reserve**- The adjustment is a result of the re-assessment of the functional currency of DORC and its subsidiaries and the correction of prior year error.

t) **Other reserves** - (Employee Benefits Reserve, Fair value Reserve, Capital Reserve) - There was a derecognition of employee benefits reserve, some fair value reserve, and capital reserve due to disposal of Dangote Flour Mills Plc. This was omitted in the prior year.

u) **Loans from related parties** - The amount previously presented as part of Borrowings was represented as loans from related parties and shown separately in the statement of financial position for fairer presentation.

v) **Borrowings** - related party loans previously reported as part of borrowings have been reclassified to Loans from related parties and presented separately on the statement of financial position. Also, borrowings increased as a result of the consolidation of DFL and DORCL.

w) **Lease liabilities** - In 2019, the Group erroneously included netted off the finance lease liability against finance lease receivable. This was discovered in the current period and corrected by appropriately reclassifying the amount to lease liabilities.

x) **Deferred Income** - The increase in deferred income is a result of consolidating Dangote Oil Refinery Limited and Dangote Fertilizer Limited.

y) **Trade and other payables** - The increase is a result of figures obtained from the newly consolidated entities and some credit balances reclassified from related parties receivables to related parties payables.

z) **Current tax payable** - The increase in current tax payable arose from consolidating Dangote Granite Limited.

56. Changes in presentation, reclassification and restatement of comparatives (continued)

Statement of Profit or Loss and Other Comprehensive Income

| | Note | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | As reported in 2019 financial year | Reclassification/ Restatement | 2020 comparative presentation | As reported in 2019 financial year | Reclassification/ Restatement | 2020 comparative presentation |
| | | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| Revenue | a | 1,201,189 | 11,111 | 1,212,300 | 248,376 | - | 248,376 |
| Cost of sales | b | (640,134) | 1,670 | (638,464) | (5,983) | (707) | (6,690) |
| Other income | c | 6,556 | (195) | 6,361 | 89,515 | (89,479) | 36 |
| Other operating gains (losses) | c | - | 20,511 | 20,511 | - | 98,111 | 98,111 |
| Movement in credit loss allowance | d | - | 1,388 | 1,388 | - | - | - |
| Selling and distribution expenses | e | (141,625) | 4 | (141,621) | - | - | - |
| Administrative expenses | f | (130,125) | (76,099) | (206,224) | (28,818) | 707 | (28,111) |
| Investment income | g | 142,715 | (118,752) | 23,963 | 140,889 | (8,632) | 132,257 |
| Finance costs | | (184,182) | - | (184,182) | (129,643) | - | (129,643) |
| Income from equity accounted investments | | 649 | - | 649 | - | - | - |
| Profit before taxation | | 255,043 | (160,362) | 96,701 | 314,336 | - | 314,336 |
| Taxation | h | (59,086) | 707 | (58,379) | (689) | - | (689) |
| Profit after taxation | | 195,957 | (159,655) | 38,322 | 313,647 | - | 313,647 |
| Other comprehensive income | | | | | | | |
| Loss on valuation of investments in equity instruments | | (76) | - | (76) | (76) | - | (76) |
| Exchange differences on translating foreign operations | i | (132,625) | 71,076 | (61,549) | - | - | - |
| Total impact on other comprehensive income | | (132,701) | 71,076 | (61,625) | (76) | - | (76) |
| **Total impact on total comprehensive income** | | 63,256 | (88,579) | (25,323) | 313,571 | - | 313,571 |

56. Changes in presentation, reclassification and restatement of comparatives (continued)

Statement of Profit or Loss and Other Comprehensive Income

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | As reported in 2018 financial year | Reclassification/ Restatement | 2019 comparative presentation | As reported in 2018 financial year | Reclassification/ Restatement | 2019 comparative presentation |
| | | N. mil | N. mil | N. mil | N. mil | N. mil | N. mil |
| Revenue | a | 1,226,366 | 125 | 1,226,491 | 170,712 | - | 170,712 |
| Cost of sales | b | (647,555) | 3,921 | (643,634) | (4,973) | (689) | (5,662) |
| Other income | c | 15,997 | (148) | 15,849 | 308 | (260) | 48 |
| Other operating gains (losses) | c | - | (56,983) | (56,983) | - | (15,057) | (15,057) |
| Movement in credit loss allowance | d | - | 24 | 24 | - | - | - |
| Selling and distribution expenses | e | (124,456) | 76 | (124,380) | - | - | - |
| Administrative expenses | f | (117,496) | (36,975) | (154,471) | (22,912) | 690 | (22,222) |
| Investment income | g | 111,649 | (50,943) | 60,706 | 106,603 | 15,316 | 121,919 |
| Finance costs | | (125,737) | - | (125,737) | (82,639) | - | (82,639) |
| Income from equity accounted investments | | 563 | - | 563 | - | - | - |
| Profit before tax | | 339,331 | (140,903) | 198,428 | 167,099 | - | 167,099 |
| Taxation | h | 70,304 | (1) | 70,303 | (3,757) | - | (3,757) |
| Profit after tax | | 409,635 | (140,904) | 268,731 | 163,342 | - | 163,342 |
| Other comprehensive income: | | | | | | | |
| Loss on valuation of investments in equity instruments | | (1,202) | - | (1,202) | (1,202) | - | (1,202) |
| Exchange differences on translating foreign operations | i | (7,705) | 125,203 | 117,498 | - | - | - |
| Total impact on other comprehensive income | | (8,907) | 125,203 | 116,296 | (1,202) | - | (1,202) |
| **Total impact on total comprehensive income** | | **400,728** | **-** | **385,027** | **162,140** | **-** | **162,140** |

## 56. Changes in presentation, reclassification and restatement of comparatives (continued)

NOTES

The Statement of profit or loss and other comprehensive income had the following reclassifications:

a) **Revenue-** The Group's revenue includes income from all newly consolidated subsidiaries except for Dangote Oil Refinery Limited and Dangote Fertilizer, both of which are yet to commence operation.

b) **Cost of sales** - The Group's cost of sales includes cost of sales from newly consolidated subsidiaries except for Dangote Oil Refinery Plc and Dangote Fertilizer. The Company cost of sales amount increased as a result of the reclassification of directors emoluments from Administrative expenses.

c) **Other operating gains/(losses)** - The Group presented exchange difference as part of finance income in prior periods. This has now been shown reclassified to other gains/(losses). Also, additional foreign exchange difference arose from the consolidation of both Dangote Oil Refinery Limited and Dangote Fertilizer. Furthermore, fair value adjustment on the biological assets, gains/(losses) on disposal of investment and property, plant and equipment have now been reclassified from Other Income to Other gains/(losses).

d) **Movement in credit loss allowance** - which was previously presented as part of Administrative expenses has now been shown separately in the statement of profit or loss and other comprehensive income.

e) **Selling and distribution expenses** - The increase is a result of the additional cost from newly consolidated subsidiaries

f) **Administrative expenses** - The increase is a result of the additional cost from newly consolidated subsidiaries. The reduction in Company cost of sales is due to the reclassification of directors emoluments to cost of sales.

g) **Investment income** - The reduction in the Group's investment income is a result of reclassification of profit on exchange difference previously presented as part of investment income to other gains/(losses). Also, the elimination of intercompany interest on DORC and DFL loans reduced the Group investment income.

h) **Taxation-** This is a result of the consolidation of Dangote Coal Mines and Dangote Granite Mines Limited tax credits.

i) **Exchange difference on translation foreign operations** - The increase is a result of the functional currency re-assessment of DORC and its subsidiaries and correction of prior year error.

| Summarised statement of cash flows | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | As reported in 2018 financial year N. mil | Reclassification/ Restatement N. mil | 2019 comparative presentation N. mil | As reported in 2018 financial year N. mil | Reclassification/ Restatement N. mil | 2019 comparative presentation N. mil |
| Cash flow from operating activities | 188,848 | 738,282 | 927,130 | 111,270 | (10,259) | 101,011 |
| Cash flow from investing activities | (460,549) | (966,642) | (1,427,191) | (317,195) | 107,120 | (210,075) |
| Cash flow from financing activities | 309,654 | 85,580 | 395,234 | 306,301 | (96,861) | 209,440 |
| Net increase in cash flow | 37,953 | (142,780) | (104,827) | 100,376 | - | 100,376 |
| Cash and cash equivalent at 1 January 2017 | 806,933 | - | 806,933 | 506,007 | - | 506,007 |
| Cash and cash equivalent at 1 January 2017 - DORC and DFL | - | 240,960 | 240,960 | - | - | - |
| | 844,886 | 98,180 | 943,066 | 606,383 | - | 606,383 |

# OTHER NATIONAL DISCLOSURES

# Dangote Industries Limited

Consolidated and Separate Financial Statements for the year ended 31 December 2020

## Value Added Statement

| | 2020 N. mil | 2020 % | 2019 N. mil | 2019 % |
|---|---|---|---|---|
| **Group** | | | | |
| **Value Added** | | | | |
| **Value added by operating activities** | | | | |
| Revenue | 1,333,909 | | 1,212,300 | |
| Bought - in materials and services | (740,300) | | (757,093) | |
| Other operating income | 9,240 | | 6,361 | |
| Other operating gains (losses) | 212,453 | | 20,511 | |
| | 815,302 | 97 | 482,079 | 95 |
| **Value added by investing activities** | | | | |
| Investment income | 27,103 | | 23,963 | |
| Income from equity accounted investments | 750 | | 649 | |
| | 27,853 | 3 | 24,612 | 5 |
| Total Value Added | 843,155 | 100 | 506,691 | 100 |
| **Value Distributed** | | | | |
| **To Pay Employees** | | | | |
| Salaries, wages, medical and other benefits | 123,023 | | 109,006 | |
| | 123,023 | 15 | 109,006 | 22 |
| **To Pay Providers of Capital** | | | | |
| Finance costs | 216,624 | | 184,182 | |
| | 216,624 | 26 | 184,182 | 36 |
| **To Pay Government** | | | | |
| Income tax | 47,097 | | 55,029 | |
| | 47,097 | 6 | 55,029 | 11 |
| **To be retained in the business for expansion and future wealth creation:** | | | | |
| **Value reinvested** | | | | |
| Depreciation, amortisation and impairments | 120,819 | | 118,822 | |
| Deferred tax | 109,492 | | 3,350 | |
| | 230,311 | 27 | 122,172 | 24 |
| **Value retained** | | | | |
| Retained profit | 131,524 | | 47,992 | |
| Non-controlling interest | 94,576 | | (11,690) | |
| | 226,100 | 27 | 36,302 | 7 |
| Total Value Distributed | 843,155 | 100 | 506,691 | 100 |

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

Dangote Industries Limited

Consolidated and Separate Financial Statements for the year ended 31 December 2020

## Value Added Statement

| | 2020 N. mil | 2020 % | 2019 N. mil | 2019 % |
|---|---|---|---|---|
| **Company** | | | | |
| **Value Added** | | | | |
| **Value added by operating activities** | | | | |
| Revenue | 250,203 | | 248,376 | |
| Bought - in materials and services | (19,744) | | (28,023) | |
| Other operating income | 599 | | 36 | |
| Other operating gains (losses) | 90,841 | | 98,111 | |
| | 321,899 | 56 | 318,500 | 71 |
| **Value added by investing activities** | | | | |
| Investment income | 249,058 | | 132,257 | |
| | 249,058 | 44 | 132,257 | 29 |
| **Total Value Added** | 570,957 | 100 | 450,757 | 100 |
| **Value Distributed** | | | | |
| **To Pay Employees** | | | | |
| Salaries, wages, medical and other benefits | 6,256 | | 6,289 | |
| | 6,256 | 1 | 6,289 | 1 |
| **To Pay Providers of Capital** | | | | |
| Finance costs | 170,557 | | 129,643 | |
| | 170,557 | 30 | 129,643 | 29 |
| **To Pay Government** | | | | |
| Income tax | 5,171 | | 689 | |
| | 5,171 | 1 | 689 | - |
| **To be retained in the business for expansion and future wealth creation:** | | | | |
| **Value reinvested** | | | | |
| Depreciation, amortisation and impairments | 1,002 | | 489 | |
| Deferred tax | 35,823 | | - | |
| | 36,825 | 6 | 489 | - |
| **Value retained** | | | | |
| Retained profit | 352,148 | | 313,647 | |
| | 352,148 | 62 | 313,647 | 70 |
| **Total Value Distributed** | 570,957 | 100 | 450,757 | 100 |

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.

## Five Year Financial Summary

| | 2020 N. mil | Restated 2019 N. mil | Restated 2018 N. mil | 2017 N. mil | 2016 N. mil |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Statement of Financial Position** | | | | | |
| **Assets** | | | | | |
| Non-current assets | 5,485,949 | 4,221,337 | 3,235,662 | 1,444,428 | 1,368,297 |
| Current assets | 1,878,836 | 1,812,582 | 1,945,484 | 2,456,492 | 1,809,260 |
| Assets of disposal groups held for sale | 869 | 869 | 869 | 869 | 871 |
| **Total assets** | **7,365,654** | **6,034,788** | **5,182,015** | **3,901,789** | **3,178,428** |
| **Liabilities** | | | | | |
| Non-current liabilities | 2,279,484 | 1,760,767 | 1,461,984 | 904,775 | 690,015 |
| Current liabilities | 2,100,869 | 1,567,425 | 734,258 | 880,983 | 923,880 |
| **Total liabilities** | **4,380,353** | **3,328,192** | **2,196,242** | **1,785,758** | **1,613,895** |
| **Equity** | | | | | |
| Share capital | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Reserves | 122,071 | 89,796 | 129,668 | 85,226 | 93,689 |
| Retained income | 2,066,915 | 2,008,522 | 2,149,417 | 1,845,979 | 1,374,585 |
| Non-controlling interest | 795,315 | 607,278 | 705,688 | 183,826 | 95,259 |
| **Total equity** | **2,985,301** | **2,706,596** | **2,985,773** | **2,116,031** | **1,564,533** |
| **Total equity and liabilities** | **7,365,654** | **6,034,788** | **5,182,015** | **3,901,789** | **3,178,428** |
| **Statement of Profit or Loss and Other Comprehensive Income** | | | | | |
| Revenue | 1,333,909 | 1,212,300 | 1,226,491 | 1,180,767 | 905,922 |
| **Profit before taxation** | **382,689** | **94,681** | **198,428** | **249,754** | **237,380** |
| Taxation | (156,589) | (58,379) | 70,303 | (64,454) | (5,376) |
| **Profit from continuing operations** | **226,100** | **36,302** | **268,731** | **185,300** | **232,004** |
| **Profit for the year** | **226,100** | **36,302** | **268,731** | **185,300** | **232,004** |
| Non-controlling interest | (94,576) | 11,690 | (13,354) | (40,632) | (20,790) |
| **Retained income for the year** | **131,524** | **47,992** | **255,377** | **144,668** | **211,214** |

## Dangote Industries Limited

Consolidated and Separate Financial Statements for the year ended 31 December 2020

### Five Year Financial Summary

| | 2020<br>N. mil | 2019<br>N. mil | 2018<br>N. mil | 2017<br>N. mil | 2016<br>N. mil |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **Statement of Financial Position** | | | | | |
| **Assets** | | | | | |
| Non-current assets | 745,372 | 621,557 | 540,475 | 96,358 | 75,834 |
| Current assets | 3,502,730 | 2,677,701 | 2,007,847 | 1,975,172 | 1,457,591 |
| Total assets | 4,248,102 | 3,299,258 | 2,548,322 | 2,071,530 | 1,533,425 |
| **Liabilities** | | | | | |
| Non-current liabilities | 1,796,463 | 1,431,566 | 996,423 | 721,343 | 607,829 |
| Current liabilities | 909,586 | 605,078 | 407,856 | 238,244 | 222,894 |
| Total liabilities | 2,706,049 | 2,036,644 | 1,404,279 | 959,587 | 830,723 |
| **Equity** | | | | | |
| Share capital | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Reserves | (116) | (117) | (41) | 1,161 | 845 |
| Retained income | 1,541,169 | 1,261,731 | 1,143,084 | 1,109,782 | 700,857 |
| Total equity | 1,542,053 | 1,262,614 | 1,144,043 | 1,111,943 | 702,702 |
| Total equity and liabilities | 4,248,102 | 3,299,258 | 2,548,322 | 2,071,530 | 1,533,425 |
| **Statement of Profit or Loss and Other Comprehensive Income** | | | | | |
| Revenue | 250,203 | 248,376 | 170,712 | 146,321 | 133,661 |
| Profit before taxation | 393,142 | 314,336 | 167,099 | 427,253 | 157,414 |
| Taxation | (40,994) | (689) | (3,757) | (18,328) | (3,904) |
| Profit from continuing operations | 352,148 | 313,647 | 163,342 | 408,925 | 153,510 |
| Profit for the year | 352,148 | 313,647 | 163,342 | 408,925 | 153,510 |
| Retained income for the year | 352,148 | 313,647 | 163,342 | 408,925 | 153,510 |