Cadbury Nigeria Plc

Annual Report
31 December 2021

Content

Financial highlights

In thousands of naira	2021	2020	Change %
Revenue	42,372,034	35,407,323	20
Gross profit	6,477,633	5,899,045	10
Result from operating activities	491,468	281,824	74
Profit before tax	1,097,917	408,065	169
Profit for the year	449,712	931,827	(52)
Share capital	939,101	939,101	-
Total equity	13,636,354	13,549,523	1
Data per 50k share			
Basic earnings per share (Kobo)	23.94	49.61	(52)
Net assets per share (Kobo)	726	721	1
Stock exchange quotation 31 December (Naira per share)	8.80	9.00	(2)
Market capitalization at 31 December	16,528,178	16,903,818	(2)

MISSION STATEMENT

Cadbury Nigeria Plc is focused on nourishing and delighting our consumers with the right snacks. As a team, we are committed to our stakeholders and will do what is right for our environment.

Corporate information

Board of Directors

Mr. Adedotun Sulaiman, MFR	-	Chairman (Non Executive)
Mrs. Oyeyimika Adeboye	-	Managing Director
Mr. Ogaga Ologe	-	Finance Director
Mr. Sunil Parthasarathy (Indian)	-	Non-Executive Director
Ms. Nadia Mohammed	-	Non-Executive Director (Appointed 1 January 2021)
Mr Yokesh Maharaj	-	Non-Executive Director (Appointed 27th July 2021 & resigned 27th October 2021)
Mr Nigel Parsons (British)	-	Non-Executive Director (Resigned 28 February 2021)
Mrs. Ibukun Awosika	-	Non-Executive Director
Mrs. Kofo Akinkugbe (American)	-	Non-Executive Director (Appointed 1 January 2021)

Company Secretary/Chief Counsel

Mrs. Fola Akande
Cadbury Nigeria Plc
Lateef Jakande Road
Agidingbi, Ikeja
Lagos
Tel: +234-1-2717777

Registrar & Transfer Office

First Registrars and Investor Services Limited
2, Abebe Village
Iganmu, Lagos
Tel: +234 (1) 2799880
E-mail: info@firstregistrarsnigeria.com
www.firstregistrarsnigeria.com

Registered Office

Cadbury Nigeria Plc
RC4151
Lateef Jakande Road
Agidingbi, Ikeja
Lagos
Tel: +234-1-2717777
E-mail: cadburynigeria@mdlz.com
Website: www.cadburynigeria.com

Independent Auditor

PricewaterhouseCoopers
Chartered Accountants
Landmark Towers,
Plot 5B, Water Corporation Road,
Victoria Island,
Lagos.
Tel: +234 (1) 2711700
E-mail: ng_pwc.enquiry@pwc.com
Website: www.pwc.com/ng

Bankers

Access Bank Plc
Citibank Nigeria Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
Union Bank Of Nigeria Plc
Stanbic IBTC Bank Plc
Standard Chartered Bank Plc
Zenith Bank Plc

Board of Directors and Company Secretary's Profile

Adedotun Sulaiman, MFR was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director in August 2009. He was appointed Chairman of the Board with effect from 22nd July 2020. Mr. Sulaiman, a renowned management & strategy consultant, has over 35 years of experience in transformational engagements in Strategic Plan Development, Organization Design/Review, Human Resource Management, Technology planning, and Process Re-engineering in a career with Arthur Andersen & Co./Andersen Consulting/Accenture that spanned 32 years.

Mr. Sulaiman retired as Country Managing Director and Chairman of Accenture Nigeria in 2010 and has since then become an active corporate governance advocate and practitioner. He sat or sits on and/or chaired or chairs the board of several companies and not-for-profit organisations including ABSA Nigeria (formerly Barclays), SecureID Limited, Interswitch Limited, Cornerstone Insurance Plc, Arian Capital Management Limited, New Horizons Systems Solutions Limited, Parthian Partners Limited, Sundry Foods Limited, Beyond Credit Limited, Descasio Nigeria Limited, Advantage Health Africa Limited, Super Network Limited, the African Venture Philanthropy Alliance (AVPA), The Corona Schools Trust, Greensprings Schools, the Lagos Angel Network (LAN) and University of Lagos Advancement Board.

Mr. Sulaiman was the Chairman of the Financial Reporting Council of Nigeria (FRCN) from January 2017 to January 2021.

Oyeyimika Adeboye joined the Board of Cadbury Nigeria Plc. as Finance and Strategy Director in November 2008. She was appointed as Managing Director of Cadbury Nigeria Plc on 1 April 2019 and Cluster Director of Mondelēz International West Africa on 1 July 2019. Mrs. Adeboye is also a director on the Board of Cadbury Ghana Limited.

Prior to joining the Mondelēz International group, Mrs. Adeboye was the Chief Financial Officer and Director of Finance at Nigerian Bottling Company Plc (NBC). Mrs. Adeboye worked for the Nigeria Accounting Practice of the erstwhile accounting firm of Arthur Andersen & Co, and the United Kingdom Accounting Practice of Midgley Snelling & Co, Chartered Accountants, where she also trained as an articled clerk after graduating with a Bachelor’s Degree in Economics and Social Studies from University College Cardiff, Wales.

Mrs. Adeboye is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Institute of Chartered Accountants in Nigeria.

Mrs. Adeboye is a member of the Board of Odutola Holdings Limited, a family owned group of companies. She is also a member of the Board of Trustees of the Timothy Adeola Odutola Foundation, a family owned philanthropic foundation set up for the purpose of providing educational, industrial and technological development of Nigerian youths who may be unable to gain access to higher education.

As part of her philanthropic work, Mrs Adeboye is a member of the Board of Trustees YEO Foundation which provides various initiatives to empower less privileged women. She also contributes her time to partner with Handmaidens WiLS, a Christian NGO, which seeks to mentor and empower professional women along an ethical career path.

Ogaga Ologe was appointed to the Board of Cadbury Nigeria Plc as Finance Director, effective 1st April 2019. Ogaga joined Cadbury Nigeria Plc in 2012 as Senior Manager, Financial Reporting, West Africa and Business Partner IT, Legal and Human Resources. He was Integrated Supply Chain (ISC) Finance Controller, West Africa from 2014 to 2017, before his promotion to Finance Controller, West Africa, a position he held until his appointment to the Board of Cadbury Nigeria, as Finance Director. Mr. Ogaga is also a director on the Board of Cadbury Ghana Ltd.

Prior to joining Cadbury, Ogaga worked as Manager, Audit and Advisory Division, KPMG Professional Services, a global international accounting and business advisory professional service organisation. While with KPMG, Ogaga led the audit of the financial statements for many multinationals across a range of sectors including manufacturing, telecoms, and logistics.

He holds a Bachelor of Science honours degree in Physics from Delta State University, Abraka and is a qualified Chartered Accountant from the Institute of Chartered Accountants of Nigeria (ICAN).

Board of Directors and Company Secretary's Profile (Continued)

Ibukun Awosika was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director in October 2009. Mrs. Awosika is the Chairman, First Bank of Nigeria Limited, Nigeria's premier and most valuable banking brand. She is also the founder and CEO of The Chair Centre Group. The companies in the group are involved in manufacturing, retail and bank-way security systems services.

Ibukun chairs a number of corporate and not-for-profit boards amongst which are: d.light Design Inc., Convention on Business Integrity (CBI), Digital Jewel Limited, House of Tara International and Afterschool Graduate Development Centre (AGDC), a facility which she promoted to help address youth employability and enterprise issues in Nigeria. She sits on the boards of Cadbury Nigeria Plc., Imperial Gate School and Peniel Apartments Limited. She was Chairman, GEMS Africa Limited, FBN Life Assurance Limited, FBN Capital Limited and Kakawa Discount House Limited. She also served on the board of Nigerian Sovereign Investment Authority (NSIA).

Ibukun is a graduate of Chemistry from University of Ife (now Obafemi Awolowo University), Nigeria; an alumna of the Chief Executive Programme of Lagos Business School; the Global Executive MBA of IESE Business School, Barcelona-Spain; and Global CEO Programme of Wharton, IESE and China European International Business School (CEIBS).

With high interest in social issues, including women, Ibukun is a co-founder and past chairperson of Women in Business, Management and Public Service (WIMBIZ). She is the President of International Women's Entrepreneurial Challenge Foundation (IWEC). An ordained Pastor and founder of the Christian Missionary Fund, Ibukun, through this faith-based organization works with hundreds of missionaries spread across Nigeria to change lives with the provision of medical, educational, and other supplies.

As a fellow of the African Leadership Initiative, Aspen Global Leadership Network, Institute of Directors and Society for Corporate Governance Nigeria, Ibukun, through her projects aspires to use her opportunities in life to further the greatness of her dear country by raising entrepreneurs to create jobs for the large unemployed youthful population. She is a member of the Nigerian Economic Summit Group (NESG), served on National Job Creation Committee (NJCC), and sits on the International Advisory Board of IESE Business School, Barcelona-Spain and the Governing Council of Pan-Atlantic University.

Ibukun is a multiple award-winning entrepreneur and the 2020 recipient of the Forbes Woman Africa Chairperson Award. She was also the first Nigerian recipient of the prestigious International Women Entrepreneurial Challenge (IWEC) Award as a nominee of the US Department of State in 2008.

She loves to watch investigative and legal series in her leisure time. She is happily married to Abiodun Awosika and they are blessed with three wonderful sons.

Yokesh Maharaj was appointed to the Board of Cadbury Nigeria Plc as a Non- Executive Director, on the 27th July 2021. He was the Business Unit President, Sub-Sahara Africa, for Mondelēz International. Mr. Maharaj resigned from Mondelēz International and from the Board of Cadbury Nigeria Plc, effective 27th October 2021.

Sunil Parthasarathy was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director effective 14th March 2018. Mr. Parthasarathy has over 20 years' experience in Finance, he is currently the Finance Director for Mondelez Sub Saharan Africa. Mr. Parthasarathy joined Cadbury Schweppes Plc. in 2006 and has held a succession of senior finance roles in the Mondelez Group including Director of Accounting and External Reporting for Mondelez Asia Middle East and Africa (AMEA), Associate Director, Accounting and External Reporting, India, Supply Chain Finance Controller, Cadbury Schweppes Australia and New Zealand, and Financial Planning and Analysis Manager, Cadbury Schweppes Asia Pacific. Prior to joining Cadbury Schweppes, Mr. Parthasarathy spent six years in a variety of Finance roles with Procter and Gamble Asia. Mr. Parthasarathy is an Associate of the Institute of Chartered Accountants of India.

Board of Directors and Company Secretary's Profile (Continued)

Nigel Parsons was appointed to the Board of Cadbury Nigeria Plc as a Non-Executive Director, on the 1st April 2020. He is presently the Business Unit President, Sub-Sahara Africa, for Mondelēz International. Before his current position, Nigel led the operational strategy and commercial delivery of Mondelēz International in Australia. Based in Melbourne, Nigel was responsible for approximately 2,000 employees and a portfolio of iconic chocolate, biscuit and candy brands including Cadbury Dairy Milk chocolate, Oreo, belVita biscuits, The Natural Confectionery Company and Pascall.

During his 19-year tenure with the business, Nigel held other roles such as Commercial Director, Australia; Sales Director, Asia, Middle East and Africa; Sales Director, Australia; and Head of Corporate Grocery, Australia. Having worked in key markets including South Africa, United Kingdom and parts of Asia, Nigel has led the development of a category and customer-led commercial business that is focused on providing Australian consumers with the right snack, for the right moment, made in the right way. Under Nigel's leadership, Mondelēz Australia was recognised in 2017, 2018 and 2019, as 'The Advantage Survey's Best Supplier in Australia,' for both snacking and total fast-moving consumer goods. Nigel sits on the Australian Food and Grocery Council's Board Sub Committee, where he provides solutions for key industry initiatives and focus areas. In the community, Nigel is President of the Prahran Cricket Club and is also on the Junior Board of the South Eastern Cricket Association.

An engaging business leader with 30 years in the branded food industry, with experience across general management, sales, mergers and acquisition, strategy and transformation, he is passionate about growing people, capability and businesses, through a diverse and inclusive workplace.

Nigel, who is South African by birth, studied Commerce at the University of Natal and Business at the University of Wales. He is married with two children and enjoys spending time playing and watching sport.

Mr Parsons resigned from the Board of Cadbury Nigeria Plc, effective 28th February 2021.

Kofo Akinkugbe was appointed to the Board of Cadbury Nigeria Plc, as a Non-Executive Director, effective 1st January 2021. Mrs. Akinkugbe is the founder of SecureID Nigeria and Secure Card Manufacturing where she currently serves as the Managing Director/CEO.

A prize-winning graduate of Mathematics from the University of Lagos and Chevening scholar at the University of Strathclyde Graduate School of Business, Glasgow, UK, Kofo has attended several international Leadership and personal development programmes at leading global institutions including London Business School, INSEAD France, Lagos Business School (Chief Executive Program-CEP) and Harvard Business School (Owner/President Management - OPM) course.

Kofo's initial work experience spanned the banking and financial services sector where she had stints at International Merchant Bank (IMB) - affiliate of First National Bank of Chicago and Chartered Bank PLC - now Stanbic IBTC Bank PLC. In fulfilment of her dream of becoming an entrepreneur, she founded Interface Technologies Limited in 1997, a company involved in Security Management and Biometrics Systems. In 2005, and in further actualisation of her vision to move beyond basic technology into the evolving world of digital payments, she founded SecureID Nigeria a company involved in cards, as platforms for non-cash payments and other transactions. In 2012, she founded Secure Card Manufacturing in further realisation of her personal vision of real sector entrepreneurship and commitment to manufacturing as a means of backward integration for value addition and employment generation in the Nigerian economy. She has since taken both companies through several strategic partnerships into the international market, attaining the most pre-requisite global certifications. She currently serves as a member of both the Nigerian Industrial Policy and Competitiveness Advisory Council, and the Reguvators' Forum (a part of the Fintech Association of Nigeria).

Having spent her entire working life building a successful professional career in banking and then transitioning into a second career as an entrepreneur in manufacturing in the technology space, Kofo's current focus is on giving back to society. Her areas of interest are in digital solutions, manufacturing, women and girls' empowerment, local content development and talent management and human capital development f+A102or leadership. She is pursuing this through frequent speaking engagements with corporate, philanthropic and humanitarian organisations.

Board of Directors and Company Secretary's Profile (Continued)

Nadia Mohamed was appointed to the Board of Cadbury Nigeria Plc as a Non- Executive Director, on the 1st January 2021. Nadia is the Marketing Director Mondelez International (Africa) where she leads the marketing portfolio of some the world's most iconic and loved brands.

Prior to joining Mondelez, Nadia held the role of Commercial and Marketing Director for McCain Foods Retail and Foodservice Africa. Nadia is a seasoned and accomplished marketing and business leader, whose experience spans across industries and global geographies. Nadia has worked for global FMCG, Telecommunications and Financial Services organisations such as Vodafone, Woolworths, AVI and more recently returning from Australia after being Chief Marketing Officer of Tyme Digital at Commonwealth Bank of Australia-the world's 10th largest bank.

In addition, Nadia serves as a Gerety Awards Jury member and as a Non-Executive Director for two non-profit organisations, most notably representing Africa as a Global Shaper at the World Economic Forum and currently on the board of the Women's Business Network for the UNHCR, the UN Refugee Agency. Nadia has an extensive pedigree in brand custodianship and a truly purpose-driven leader who is often regarded as one of South Africa's most innovative and forward-thinking brand custodians.

Fola Akande joined Cadbury Nigeria Plc. as Company Secretary/Chief Counsel West Africa in July 2012. Mrs. Akande is also a director on the Board of Cadbury Ghana Limited.

Mrs. Akande comes into the role with an impressive background in Compliance, Corporate Governance, Commercial and Finance Law. Mrs. Akande has an LLB. Hons from the School of Oriental & African Studies (SOAS), University of London and an L.L.M from the University of Lagos. She has over 25 years of working experience and prior to joining Cadbury, she worked for Standard Chartered Bank Nigeria Limited as Company Secretary/Legal Adviser/Chief Compliance Officer. Mrs. Akande is a special member (MCIarb) of the Chartered Institute of Arbitrators UK, a Council Member of The NBA, Section on Business Law (SBL) and sits on the Governing Board of The Eye-Bank for Restoring Sight Nigeria a Non-Governmental Organisation (NGO) set up for the purpose of creating awareness on Cornea donation and clinically restoring sight to individuals who have suffered "reversible" blindness as a result of damage of the Cornea. She also contributes her time as a Mentor with (WISCAR) Women In Successful Careers, a Non-Governmental organization, set up to assist professional career women achieve their full potential.

Directors' report

For the year ended 31 December 2021

The Directors are pleased to present to the members, their Annual Report together with the audited financial statements for the year ended 31 December 2021.

Directors' responsibilities in relation to the financial statements

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the 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.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern for at least twelve months from the date of this statement.

Principal activities

Cadbury Nigeria Plc was incorporated in Nigeria on 9 January 1965 as a company limited by shares. It became a publicly listed Company with its shares traded locally on the Nigerian Stock Exchange in 1976. The Company's registered address is Lateef Jakande Road, Ikeja and is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but also for exports in West Africa. The Company also produces a wide range of intermediate products such as cocoa butter, liquor, cake and powder. The cocoa butter, cake and liquor are exported to a wide range of international customers.

The Product range

The Company's brands fall into three principal categories, namely Refreshment Beverages, Confectionery and Intermediate Cocoa Products. CADBURY BOURNVITA, CADBURY 3-in-1 HOT CHOCOLATE, are the main brands in the refreshment beverage category, while TOMTOM CLASSIC, CANDY CARAMEL, CANDY COFFEE, BUTTERMINT AND CLORETS are the main brands in the confectionery stable. COCOA POWDER, COCOA CAKE AND COCOA BUTTER are the main products for the Intermediate Cocoa Products.

The Cocoa Processing Plant in Ondo State produces a range of intermediate products such as cocoa butter, liquor and powder. The cocoa butter and liquor are exported to a wide range of international customers while the cocoa powder is consumed locally. The entire cocoa powder required for production at the Ikeja Plant is sourced from the Cocoa Processing Plant.

Shareholding

Cadbury Nigeria Plc. is owned 74.97% (2020: 74.97%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelēz International (formerly Kraft Foods Inc,). 2021: 25.03% (2020: 25.03%) is owned by a highly diversified spread of individual and institutional shareholders. Other than CSOL, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2021 (202o:Nil).

The Registrars have advised that the range of shareholding as at 31 December 2021 was as follows:

Range		No. of Shareholders	Holders %	Unit	% Unit
1 - 1000	1,000	41,324	57.20	13,975,847	0.74
1001 - 5000	5,000	20,466	28.33	47,995,312	2.56
5001 - 10000	10,000	5,596	7.75	39,801,625	2.12
10001 - 50000	50,000	3,889	5.38	77,825,623	4.14
50001 - 100000	100,000	490	0.68	35,329,713	1.88
100001 - 500000	500,000	404	0.56	82,211,060	4.38
500001 - 1000000	1,000,000	45	0.06	33,724,007	1.80
1000001 - 5000000	5,000,000	27	0.04	51,649,022	2.75
5000001 - 10000000	10,000,000	3	0.00	21,628,342	1.15
10000001- 50000000	50,000,000	3	0.00	65,929,758	3.51
50000001- 1878202062	1,878,202,062	1	0.00	1,408,131,653	74.97
		72,248	100	1,878,201,962	100

Directors' report (Continued)
For the year ended 31 December 2021

Operating results

The following is a summary of the Company's operating results as at 31 December 2021:

	2021	2020
In thousands of naira		
Revenue	42,372,034	35,407,323
Result from operating activities	491,468	281,824
Profit before tax	1,097,917	408,065
Income tax (expense)/credit	(648,205)	523,762
Profit for the year	449,712	931,827

Dividend

The Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of N 940,512,394.92 (2020: N 338,076,353.16) is Fifty Kobo (2020: Eighteen Kobo) per ordinary share of Fifty Kobo each. If the proposed dividend is approved it will be subject to the deduction of withholding tax at the appropriate rate at the time of payment.

Board of Directors

The Board is currently made up of seven (7) Directors, two (2) of whom are Executive Directors (the Managing Director and Finance Director) and five (5) are Non-Executive Directors (including the Chairman). The Board has a formal schedule of meetings each year and met five (5) times during the year under review. Typically, Board meetings include consideration of a broad range of matters, including but not limited to financial performance, risk management assessment, corporate governance, compliance and internal control, and matters relating to the oversight and management of the business as a whole. In line with its responsibilities for the performance and affairs of the Company, the Board also holds an annual Strategy session to consider the strategic goals of the business and ensure that the Company's human and financial resources are effectively deployed towards attaining those goals

Record of Directors' attendance at meetings

Pursuant to and in accordance with section 284 (2) of Companies and Allied Matters Act (CAMA), the record of Directors' attendance at Board meetings during the year under review will be made available for inspection at the Annual General Meeting (AGM).

The table below shows the number of meetings attended by the Directors during the period 1 January 2021 to 31 December 2021 as against the number of meetings held during their Board/Committee membership.

Name of Directors	Board Meetings	Governance & Risk Committee	Remuneration & Compensation Committee	Board Strategy Session
Adedotun Sulaiman, MFR	4/4	N/A	N/A	1/1
Oyeyimika Adeboye	4/4	N/A	N/A	1/1
Nigel Parsons*	1/4	1/3	0/2	0/1
Ogaga Ologe	4/4	N/A	N/A	1/1
Kofo Akinkugbe	4/4	N/A	2/2	1/1
Nadia Mohammed	4/4	3/3	N/A	1/1
Yokesh Maharaj*	0/4	0/3	0/2	0/1
Ibukun Awosika	4/4	3/3	2/2	1/1
Sunil Parthasarathy	4/4	N/A	N/A	1/1

- *Mr Nigel Parsons resigned 28 February 2021.
- *Mr. Yokesh Maharaj was appointed on the 27th July 2021 to fill the casual vacancy left by Nigel Parsons. He resigned on the 27th October 2021.

Directors' report (Continued)

For the year ended 31 December 2021

Dates of Board Meetings held in 2021: 27th January, 24th March, 27th July, and 27th October.
Dates of Governance & Risk Committee (GRC) Meetings held in 2021: 27th January, 26th July, and 26th October.
Dates of Remuneration & Compensation Committee (REMCO) meetings held in 2021: 24th March and 26th October.
Dates of Audit Committee Meetings held in 2021: 26th January 2021, 23rd March, 26th July, and 26th October.
Date of Board Strategy Session meeting held in 2021: 27th October.
Date of Annual General Meeting held in 2021: 16th June.

Directors retiring by rotation

The Directors to retire by rotation at the AGM in conformity with the Articles of Association of the Company and section 285(2) of CAMA and who, being eligible, have offered themselves for re-election at the meeting are: Mrs. Ibukun Awosika and Mr. Adedotun Sulaiman MFR, who recently turned 70 years.

Board Changes

Since the last Annual General Meeting, two of our Non-Executive Directors (Mr. Yokesh Maharaj and Mr Nigel Parsons) resigned from the Board. On your behalf we wish them all the best in their future endeavours.

Interests of Directors

The interests of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by them for the purpose of Section 301 (1) of CAMA and in compliance with the listing requirements of The Nigerian Exchange Group (NGX)) are as follows:

Names	Indirect holdings as at 31/12/2021	Direct holdings as at: 31/12/2021	Indirect holdings as at 31/12/2020	Direct holdings as at: 31/12/2020
Adedotun Sulaiman, MFR	Nil	594,000	Nil	594,000
Oyeyimika Adeboye	Nil	54,000	Nil	54,000
Ogaga Ologe	Nil	Nil	Nil	Nil
Ibukun Awosika	Nil	Nil	Nil	Nil
Sunil Parthasarathy	Nil	Nil	Nil	Nil
Kofo Akinkugbe	Nil	Nil	Nil	Nil
Yokesh Maharaj	Nil	Nil	Nil	Nil
Nigel Parsons	Nil	Nil	Nil	Nil
Nadia Mohammed	Nil	Nil	Nil	Nil

Directors' interest in contracts

Other than the above, no other Director has declared any interest in contracts with which the Company was involved as at 31 December 2021 (2020: Nil).

Directors' report (Continued)

For the year ended 31 December 2021

Distributors

The Company's products are distributed nationally through an extensive network of 48 distributors, key accounts and institutional customers and the products reach their ultimate consumers through a chain of wholesalers and retailers across the nation. The names of the distributors are listed in the appendix to the Annual Report.

Employment and employees

a. Our people

The Company recognizes that our people are valuable assets. The collective commitment of our work force has been instrumental to the sustained improvement of our corporate performance. These dedicated, diversified and cross-functional talents in Cadbury Nigeria Plc are equally spread through our Executive Leadership team, Management level and Non-Management cadre.

To enable this talent pool deliver on current challenges and position our business for the future, our people policies are construed to ensure that the knowledge and skills of staff are put to the best possible use and we constantly endeavor to align our policies, processes and practices to the very best international standards in employment practices. To this end, we continue to receive support from the Mondelēz International Group to ensure that our employees are empowered to achieve their best both for the Company and for themselves. In the year under review, periodical meetings with employees and several staff initiatives were held which have added extra impetus to our performance-driven, values-led culture of "Doing what's right".

b. Learning and development

We realize that our Company's ability to sustain a competitive advantage in the long term is largely dependent on the continuous development, training and empowerment of a team of knowledgeable, experienced and motivated employees. Thus, we sustain a consistent policy of training our people, both locally and abroad, to enhance their skills and competence as a key plank of our operational strategy.

It is our policy to equip all employees with the skills and knowledge required for successful performance of their jobs.

We however firmly believe that each individual employee must therefore also take the responsibility to drive his or her own learning and development. To ensure this beneficial shared ownership of learning, we insist that every staff must possess the drive, initiative and motivation to take advantage of the available learning and development opportunities from a global organization such as ours.

We also maximized our online learning portal to deliver on all planned learning sessions despite the restrictions on face-to-face sessions due to Covid-19 protocols.

c. Employee involvement

The Company's on-going success in achieving its commercial objectives depends on the contributions of employees throughout the business. Through our colleague engagement platforms, we deliberately solicit employee involvement and all our staff actively participate in the Company's affairs on a regular basis irrespective of wherever they work.

Several formal channels and consultative committees exist for participation in the Company's affairs. As part of the Company's commitment to transparent communication with its employees in line with our communication matrix, quarterly Town Hall meetings, Breakfast meetings with the Managing Director and connect Snacking sessions with leaders, are platforms provided for our employees to communicate through face-to-face and virtually with the Company's Executive Management team and directly obtain clarifications and/or rationales behind the Company's performance, activities and strategic plans.

d. Equal opportunity statement

The Company is committed to providing equal opportunities to individuals within its business in all areas of employment. In support of this, policies, procedures and practices focus on capability and do not discriminate on any basis beyond merit and performance.

We continued to sustain our drive for gender equality in our recruitment for all management and leadership positions through focused diversity and inclusion initiatives

Directors' report (Continued)

For the year ended 31 December 2021

e. Employment of physically challenged persons

It is Cadbury Nigeria Plc's policy to promote diversity and offer everyone equal opportunities for employment. We provide employment opportunities to physically challenged persons, bearing in mind the respective aptitude and abilities of the applicants concerned. In the event that a member of staff becomes physically challenged whilst in the employment of the Company, every effort is made to ensure that their employment with the Company continues and that appropriate training and support is given to them. It is the Company's policy that, as far as possible, all employees are treated alike in the areas of training, career development and promotion.

The Company had no physically challenged person in its employment as at 31 December 2021 (2020: Nil).

f. Employee engagement

The Company is committed to ensuring that our employees remain happy, positive and engaged. We championed our "Growing Here Weeks" during the year. This is a dedicated two-weeks programme, where the company reiterates its focus on giving employees career growth and personal development opportunities through various virtual learning, coaching and mentoring sessions via our e-learning platform (Mondelēz University - MIU). These sessions were facilitated by our senior leaders and some external subject matter experts. For the year 2020, we focused on driving an agile and growth mindset with the theme "Snack on Growth".

In line with our commitment on our employee engagement, we continued our annual "Make it Matter" engagement survey for all employees to give feedback to the business, and also executed a special pulse check survey during the National COVID-19 lockdown period to gauge our employee's engagement levels and needs during the period. We organized a commemoration event for the 2020 International Women's day with a lecture and a book gift to all our female colleagues in the business. We also had a highly engaging Career showcase and initiative for all our employees.

We continued to engage with ex-employees under the umbrella of the Cadbury Alumni Network. This is a way to demonstrate to our employees that they remain relevant to us even after leaving the business.

g. Employee Wellness

The company is committed to ensuring that employee safety and wellness remain a priority across all our processes, policies, and business decisions.

With the COVID-19 pandemic and its impact on employee wellbeing and ways of work, some of our colleagues transitioned to working from their homes, hence we launched several interactive forums under our wellness agenda with the theme "Right You". Forums such as an online fitness group where colleagues were engaging in various keep-fit initiatives and programs, check-in platforms where functional leaders daily connect with their teams on their welfare and safety. In addition, we launched our Health & Wellness programs with various activities such as the celebration of World Health Organisation Observance days, focus on mental and financial well-being to mention a few.

We ensured we provided all required protective and safety items were provided for all our frontline employees, while providing a special bus shuttle service for our manufacturing colleagues during the COVID-19 lockdown period. We also implemented a detailed Return to Work process for employees who may need to return to the office periodically.

h. Rewards & Recognition

The Company remains committed to providing world-class rewards for delivering exceptional performance and recognizing the right behaviours to ensure we deliver growth through its innovative rewards and recognition framework.

We were also recognized with several awards from the Chartered Institute of Personnel Management (CIPM) and the HR People's Magazine in 2021. Due to the varied initiatives and support for staff during the peak of the COVID period in Nigeria, Cadbury Nigeria received the inaugural People first Organization Award from CIPM and Institution of Occupational Safety & Health (IOSH), and our Managing Director, Oyeyimika Adeboye was recording as a "People First CEO". We thereafter received six other notable awards for our optimization initiatives on Talent Acquisition Category, Adoption of Technology: - Digital HR / SMAC Technologies, Performance Management Category, Strategic HR/Business Development Category, Diversity, and Inclusion Initiative Category, and Talent Development Initiative Category from Chartered Institute of Personnel Management during her 2021 Annual Conference which held later in the year. We also received four awards from the HR People's Magazine as the Employer of Choice - Under 1,000 Employees, Outstanding Employee Engagement - Under 1,000 Employees, Best Training, Learning & Development - Under 1,000 Employees, Outstanding Talent Management Strategy) at its annual gala

Directors' report (Continued)

For the year ended 31 December 2021

i. Cadbury Nigeria Plc in the community

Mondelēz International's Nutrition and Healthy Lifestyle project, which was launched in March 2018 for the first time in Nigeria, officially ended in December 2021. Initially billed to end in December 2020, the project was extended to December 2021, due to the COVID-19 pandemic that affected activities in schools in 2020.
The four-year project, which cost about $1million, was sponsored by Mondelēz International Foundation, and implemented on behalf of Cadbury Nigeria Plc, by Helen Keller International, with the support of the Lagos State Government.
The pilot project directly reached 11,234 children and over 179,309 Lagosians and was part of the organisation's corporate social responsibility (CSR) initiatives aimed at tackling malnutrition and obesity among children in some selected primary schools within its host communities in Lagos State. It was also in line with Mondelēz International's commitment to promoting 'Snacking Made Right.

Apart from the project, Cadbury Nigeria employees also embarked on various CSR activities within Lagos State within the year under review, as part of the Company's community engagement strategy.

In compliance with section 43 (2) of CAMA, the Company did not make any donation or gift to any political party, political association or for any political purpose in 2021

Know-How and trademark license agreements

The Company has Know-How/Management Services and Trademark License Agreements with Mondelez International AMEA PTE. LTD. Under the agreements, Cadbury Nigeria Plc receives technical, scientific and commercial support for its products and its operations.

Property plant and equipment

Information relating to changes in property, plant and equipment is given in Note 13 to the financial statements.

Sustainability report

Sustainability

Sustainability is about preserving our world and its people. We all depend on just one planet. Smart and sustainable use of natural resources to reduce our environmental footprint is necessary now more than ever.

In Cadbury Nigeria Plc, our Corporate social responsibility and sustainability programmes are driven through our global agenda.

Mondelez International Approach to integrating Sustainability:

Our parent company, Mondelēz International is committed to doing what is right for our plant and meeting aspirations of our consumers. We aim to make an end-to-end positive impact on the world and the communities where we do business. This is core to who we are as a company.

Approach to integrating Sustainability

Our foundation is based on 4 core principles

- Increasing the sustainable sourcing of ingredients used to make our much loved brands.
- Enhancing the efficient and sustainable use of resources along our supply chain.
- Continuous improvement of out environmental performance driving measurable results.
- Meeting or exceeding the requirement of applicable standards.

Mondelēz International Environmental Policy

Our mission is to lead the future of snacking by offering the right snack for the right moment, made the rightway. We call it "Snacking Made Right".
As a global snacking leader, we have the responsibility to reduce our impact on the environment, have a positive impact on society and conduct ourselves in an ethical, efficient and inclusive manner.

We are increasing our focus and re affirming our commitment to our Environment, Social Impact and Governance (ESG).

Our Snacking right program:

- Reduce CO2 footprint to protect food supplies: we have increased our focus on ways to continually reduce emissions.
- Cutting wastes: It is better not to generate waste to begin with.
- Preserving Water: We have identified sites and areas where is most scarce and targeted our reduction efforts on these locations.

Directors' report (Continued)
For the year ended 31 December 2021

Sustainability report (continued)

Sustainability programs

CO2 Emissions.

- We cut CO_2 emissions by using low-carbon energy sources (Natural gas) and all our powered trucks are run on batteries thereby eradicating carbon emission.
- Continuous improvement of out environmental performance driving measurable results.

Saving Water

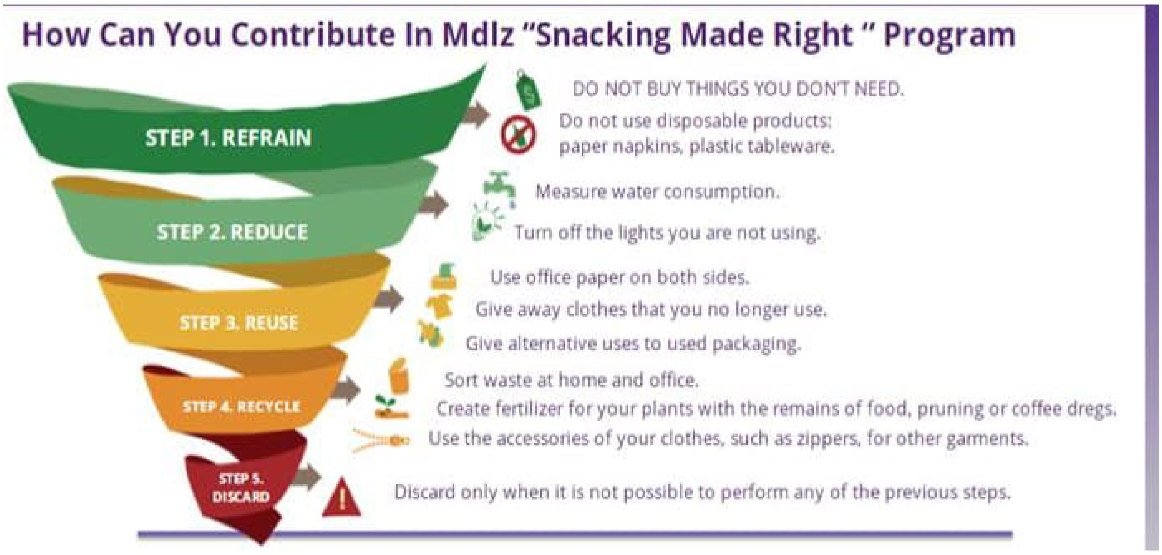
- Based on a comprehensive risk assessment, We set target for our water reductions in our operations. Our goal is to reduce absolute water use by 23% percent in areas where high consumption has been identified.

Packaging

- Over the years, teams have worked to optimize packaging design and source materials that perform and protect with the minimum packaging possible. Small adjustments can have a huge impact.
- By continually optimizing package design, we can minimize our environmental impact. Using less packaging provides an economic benefit, not only in material costs but also in transportation and disposal. This helps us to reduce our overall CO_2 emissions and operate more efficiently. It ultimately reduces costs to the business and thus helps us to contribute to our goal to create more fuel to power our growth.
- We also support recycling

Environmental Footprint Goals

- Reduce absolute CO_2 emissions from manufacturing by 15%.
- Reduce water use by 10%* at priority locations where water is most scarce.
- Reduce total waste in manufacturing 20%.
- Eliminate 65,000 metric tonnes of packaging.



Cadbury Nigeria Plc. pays keen attention to the interest of its stakeholders, such as its employees, host community, consumers, regulators and the general public. The Company is sensitive and conscious of the Nigerian social and cultural diversity, thus promoting national interests and values, without compromising global aspirations.

Directors' report (Continued)

For the year ended 31 December 2021

In embracing Sustainability, the Company conducts its business responsibly through various indicators:

Governance: The Company conducts itself with a zero tolerance for non-compliance manner, with strong focus on ethics, openness, transparency and accountability. Engaging with its external stakeholders, is through Thought Leadership and Collaboration.

Economic: The Company makes and sells products that are safe, wholesome and sustainable. The Company's contracts with 3rd parties also input clauses on bribery/anti-corruption, food policies, ethical procurement practices which addresses, transparency, confidentiality, fairness, child labour, forced labour, social responsiblity and health & safety.

Social: Our employees are our most valuable assets, with focus on safety, health and welfare of our staff. The Company does not discriminate in its recruitment process and imbibes a strong work life balance and gender diversity.

Environment: Sustainability is about preserving our world and its people. We all depend on just one planet. Smart and sustainable use of natural resources to reduce our environmental footprint is necessary now more than ever.

Our sustainability principles, encourages and enables the business to go beyond compliance and embrace sustainability as part of its business ethics.

Corporate Governance Report

The Company recognizes the importance of adhering to best corporate governance principles and practices and the valuable contribution made by such adherence to its long-term business profitability and accountability to its shareholders.

A strong focus on corporate governance is at the forefront of the Company's operations and in line with the Code of Best Practices on Corporate Governance in Nigeria. Examples of the Company's compliance with these corporate governance requirements during the year under review are as follows:

i. Board of Directors – composition and independence

The Board has a total of seven Directors, five of whom are Non-Executive Directors. The Company recognizes the importance of the role of the Non-Executive Directors, all of whom increase the diversity of experience as well as bring objectivity and independence of thought to Board deliberations and decision making.

The position of the Chairman is held by Mr. Adedotun Sulaiman MFR, a Non-Executive Director appointed with effect from 22 July 2020. This is separate and distinct from the position of Managing Director which is held by Mrs. Oyeyimika Adeboye. Mrs. Kofo Akinkugbe who was appointed in the year under review is an independent Non-Executive Director.

No Director is on the Board of more than five public companies at the same time.

ii. Board – Training and access to advisers

The Company has a structured and robust induction programme for new Directors in which the Company's business structure and operations are covered in depth and requisite information provided to assist new Directors in becoming knowledgeable about the Company and discharging their duties effectively.

Directors participate in relevant continuing education programmes to update their knowledge and skills.

All the Directors have access to the advice and services of the Company Secretary and if required, to the advice and services of other professionals where such advice will improve the quality of their contribution to Board decision making.

iii. Board Governance & Appointments

The Governance & Risk Committee is responsible for identifying and evaluating names of Directors for recommendation to the Board. The Governance & Risk Committee will consider recommendation of candidates for the Board of Directors, using a robust criteria summarising, key qualifications, skills or attributes each of our directors possess that are most relevant to the decision to nominate him or her to serve on the Board of Directors of Cadbury. In its assessment of each potential Director nominee, The Governance & Risk Committee considers the nominees judgement, integrity, experience, independence, understanding of the company's business and other related industries and such other factors, the committee determines are pertinent in light of the current needs of the Board. The Committee also takes into account the ability of a potential nominee to devote the time and effort necessary to fulfill his/her responsibilities to the company.

An annual Board evaluation and corporate Governance evaluation were conducted for the year under review which confirmed that the Board has in place a robust Corporate Governance system. The evaluation ascertained that the Board was fulfilling its purpose and recommended areas where the change(s) were appropriate. The Board's governance processes and practices had also been evaluated, benchmarking them against local law and regulations, key corporate governance considerations; Stakeholders Engagement and Corporate citizenship; Board Structure & Composition; Board Operations & Effectiveness; Strategy Development & Implementation; Risk Management & Compliance; Performance measurement & Management and Transparency & Disclosure. The Board is satisfied that the existing Board has implemented the recommended practices and implemented the principles of Good Corporate Governance and presently in its present state comprises of the necessary quality and quantity of a high performing Board to help the company achieve its short and long term strategies.

Directors' report (Continued)

For the year ended 31 December 2021

iv. Committees of The Board

In conformity with the Code of Corporate Governance, the Company has in place the following Committees:

(a) Governance & Risk Committee

The Governance & Risk Committee is guided by its Terms of Reference and has the responsibility of establishing and reviewing recommendations, qualifications and mitigating any potential risks, conflict of interest and otherwise, regarding the appointment of any proposed Executive or Non-Executive Director. Thus ensuring that a review of Board candidates is undertaken in a disciplined and objective manner. The Committee is also tasked with reviewing existing governance procedures and practices in light of current domestic and global developments in Corporate Governance and oversee the enforcement of the company code of conduct and ethics and the non financial elements of risk. The members of the Governance & Risk Committee during the year were Mrs Ibukun Awosika (Chair), Mr. Nigel Parsons (resigned) ,Yokesh Maharaj(resigned) and Ms. Nadia Mohammed.

(b) Remuneration and Compensation Committee (REMCO)

The Remuneration & Compensation Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives of the Company, reviewing the ongoing appropriateness and relevance of the remuneration policy, and ensuring that all provisions regarding disclosure for remuneration which apply to the Company are complied with. The committee is also guided by its Terms of Reference. The members of the Remuneration & Compensation Committee are Mrs. Ibukun Awosika (Chair), Mr. Nigel Parsons (resigned), Yokesh Maharaj (resigned), and Mrs Kofo Akinkugbe

(c) Executive Management Committee

The Executive Management Committee comprises the functional directors who head the core business units of the Company. It meets on a bi-monthly basis and is responsible for setting overall corporate targets, reviewing the Company's performance and operational issues and overseeing the affairs of the Company on a day-to-day basis.

As at 31 December 2021, the Executive Management Committee was comprised of the following members: Mrs. Oyeyimika Adeboye (Managing Director), Mr. Ogaga Ologe (Finance Director), Mr. Wole Odubayo (Human Resources Director), Mr. Akin Fajembimo (Director, Category Planning & Operation), Mr. RP Singh (Commercial Platform Director), Mr. Peter Ajakaiye (Manufacturing Director) and Mrs. Fola Akande (Company Secretary/Chief Counsel).

(d) Risk Assessment Committee

The Risk Assessment Committee comprises the functional directors and designated senior managers of the Company. It meets on a half-yearly basis and its report is forwarded to the Board of Directors for further guidance. It is responsible for the oversight, review, and management of the entire business risk of the Company and for proposing steps to mitigate the effects of such business risks. As at 31 December 2021, the Risk Assessment Committee was comprised of the following members: Mrs. Oyeyimika Adeboye (Managing Director), Mr. Ogaga Ologe(Finance Director), Mr. Wole Odubayo (Human Resources Director), Mr. Peter Ajakaiye (Manufacturing Director), Mrs. Fola Akande (Company Secretary/Chief Counsel), Mr. RP Singh (Commercial Platform Director), Mr. Akin Fajembimo (Director Category Planning & Operations), and Mr. Ken Nwokolo (Manager Internal Audit) and selected cross-functional Heads of units.

Risk Management Framework

The Company has in place a risk management framework that defines the Company's risk policy, risk appetite and risk limits and identifies, assess, monitors and manages key business risks to safeguard shareholder investments and the Company's assets. The Business Risk profile is presented and considered by the Governance & Risk Committee and recommended to The Board for approval.

Code of Conduct

Being part of the Mondelēz International Family of Companies, all employees subscribe to the Mondelēz International Code of Conduct which describes the values that should guide all employees as they do business. The Company maintains a steady awareness of these values by continuous training and publicity of the contents of the Code to its employees throughout the course of the year. Strict adherence to the Code is mandatory in the Company's day to day operations.

To further buttress the above, the Company has in place a confidential whistle blowing system, which enables staff, suppliers and distributors to raise concerns in relation to its operstaions, report unethical conduct in breach of its Code of Conduct, illegal acts or omission by employees. Such concerns can be communicated to the Company through www.mdlzethics.com or the dedicated speak up line.

Directors' report (Continued)

For the year ended 31 December 2021

Share trading policy

Cadbury Nigeria Plc maintains and is compliant with a share trading policy that guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. Relevant persons are prohibited from dealing in the Company's shares both when they are in possession of material non-public information about the Company's activities as well as during prescribed "blackout" periods. Notification of individual share trading activity is required to be made to the appropriate regulatory bodies as well as the Company Secretary. The share trading policy is also available on the company's website.

Complaints management policy

Cadbury Nigeria Plc. maintains and is compliant with the Securities and Exchange Rule relating to the implementation of a Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") and the Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/15/04/22) to all listed companies ("the NSE Directive"). This policy sets out the framework by which Cadbury Nigeria Plc., its Registrars and key stakeholders provide assistance regarding shareholder issues and concerns. It also provides the opportunity for Cadbury's shareholders to provide feedback to the Company on matters that affect shareholders.

The overall objective of the policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

Business Continuity Plan

With the outbreak of the coronavirus (COVID-19) globally and the announcement of the index case in Nigeria on February 25, 2020 to the current status, Cadbury Nigeria Plc (CNP) activated its Business Continuity Plan to ensure sustained business activities and priortorise the health and wellbeing of its employees in the company.

This continuity plan includes the following actions responses:

- Temperature checks at the entrances to all locations of the Company.
- As a food manufacturer there is a mandatory requirement to use hand sanitizer before entering our factories. This requirement was immediately extended to all locations.
- Commencement of remote working from home for our non-essential staff nationwide.
- Provision of relevant safety materials to all essential employees working on site and on the field.
- Maintenance of continuous flow of relevant market information to all employees and stakeholders to make informed health and safety decisions.
- Regular engagement with the Government to address market issues raised by the COVID-19 pandemic.
- Other Market actions and activities undertaken by the Federal & Lagos State Governments to support Manufacturing companies, including; advocacy and advisory with the Manufacturers Association of Nigeria (MAN) and Nigerian Employers Consultative Association (NECA).

The Covid-19 crisis continues to impact all businesses. The priority for us is to protect the health, safety, and welfare of our employees, customers, consumers, and partners, as well as support the Government and its agencies as they work to reduce the impact of the outbreak.
The Board and Management are focused on efforts to mitigate the overall impact on our business.

Compliance with the Nigerian Code of Corporate Governance (NCCG 2018)

Companies were required to begin reporting the application of the NCCG in their financial ending on or before January 1 2020. Our company has commenced taking necessary steps to comply with the NCCG and also submitted the report of compliance to The Financial Reporting Council of Nigeria (FRCN), The Securities and Exchange Commission (SEC), The Nigerian Exchange Group (NGX) Issuers Portal and included the same on the Company's website.

The company also ensured compliance with The Securities and Exchange Commission (SEC) Form 01 for reporting compliance on the SEC Corporate Governance Guidelines.

Directors' report (Continued)

For the year ended 31 December 2021

Audit Committee

In accordance with section 404(6) of CAMA 2004, members of the Audit Committee of the Company were elected at the last Annual General Meeting held on 16th June 2021. According to section 404(3) of the Companies and Allied Matters Act 2020, the Audit Committee shall now consist of 5 members, comprising of 3 members and 2 non -executive directors. This re-constitution was adopted at the Company's Annual General Meeting. The Audit Committee evaluates annually, the independence and performance of external auditor, receives the planning, interim and final audit presentation from the external auditor and also reviews with management and the external auditor, the annual audited financial statements before its submission to the Board. Members that served on the Audit Committee comprise three representatives of the shareholders namely: Pastor Oyelakin Lanre Awobode, Mrs. Elizabeth Gbegbaje and Mrs. Mary Joke Shofolahan and two members of the Board of Directors: Mr. Sunil Parthasarathy and Mrs. Kofo Akinkugbe.

Independent Auditor

The firm of Messers PricewaterhouseCoopers served as independent Auditor during the year under review.

In accordance with Section 401 (1) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2020, Messrs PricewaterhouseCoopers have indicated their willingness to continue in office as independent auditor to the Company.

Akande

BY ORDER OF THE BOARD
Fola Akande
Company Secretary
23rd March 2022
FRC/2013/NBA/00000001060

STATEMENT OF DIRECTORS' REPONSIBILITIES

The Companies and Allied Matters Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibility include:

a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and

c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the 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.

The Directors further accept responsibility for maintaing adequate accounting record as required by the Companies and Allied Matter of Nigeria and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the 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.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Oyeyimika Adeboye (Managing Director)
FRC/2013/ICAN/00000001089

Ogaga Ologe (Finance Director)
FRC/2013/ICAN/00000001091

Mr. Adedotun Sulaiman, MFR (Chairman)
FRC 2013/ICAN/00000002885

CERTIFICATION OF THE AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2021

Pursuant to the provisions of section 405 of the Companies and Allied Matters Act, 2020 (CAMA), we, the Managing Director and Finance Director of Cadbury Nigeria Plc ("the Company") hereby certify as follows:

a) We have reviewed the audited financial statements of the Company for the year ended 31 December 2021

b) The audited financial statements represent the true and correct financial position of our Company as at 31 December 2021

c) That the 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

d) That the audited financial statements fairly presents, in all material respects, the financial condition and results of operations of the company as of and for the year ended 31 December 2021

e) That we are responsible for establishing and maintaining the Company's internal controls. We assessed the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements and based on our assessment, the controls are effective as at that date.

   Any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data have been disclosed to the Independent Auditor and the Audit Committee

f) We have disclosed to the Company's auditors and Audit Committee whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal controls

g) We affirm that subsequent to our assessment, there are no significant changes in internal controls or in other factors that could significantly affect internal controls.

SIGNED:

Oyeyimika Adeboye (Managing Director)	Ogaga Ologe (Finance Director)
FRC/2013/ICAN/00000001089	FRC/2013/ICAN/00000001091

Report of the Audit Committee

In compliance with section 404 (7) of the Companies and Allied Matters Act of Nigeria, we have;

(i) Reviewed and ascertained that the accounting and reporting policies adopted by the Company are in accordance with applicable legal requirements and agreed ethical practices.
(ii) Reviewed the scope and planning of audit requirements and found them satisfactory.
(iii) Appraised the Financial Statements for the year ended 31 December 2021 and are satisfied with the explanations
(iv) Reviewed the Company's systems of accounting and internal control and found them effective.
(v) Reviewed the External Auditor's Management Report for the year ended 31 December 2021 and are satisfied that management is taking appropriate steps to address issues and comments noted in the report.

The Independent Auditors confirmed management's full cooperation in the course of the performance of their duties and that they were not limited in any way by the Company and its management.

Pastor Oyelakin Lanre Awobode
Chairman, Audit Committee
FRC/2013/ANAN/00000003618
22nd March 2022

Members of the Audit Committee are:

1)	Pastor Oyelakin Lanre Awobode (Chairman)	Shareholders' Representative
2)	Mrs. Mary Joke Shofolahan	Shareholders' Representative
3)	Mrs. Elizabeth Gbegbaje	Shareholders' Representative
4)	Mrs. Kofo Akinkugbe	Directors' Representative
5)	Mr. Sunil Parthasarathy	Directors' Representative

Attendance at the Committee's meetings for the year 2021 held respectively on 26th January 2021, 23rd March 2021, 26th July 2021 and 26th October 2021 was as follows:

Names of Members	Audit Committee Meetings
Pastor Oyelakin Lanre Awobode (Chairman)	4/4
Mrs. Mary Joke Shofolahan	4/4
Mrs. Elizabeth Gbegbaje	4/4
Mr. Sunil Parthasarathy	4/4
Mrs. Kofo Akinkugbe	4/4

pwc

Independent auditor's report

To the Members of Cadbury Nigeria Plc

Report on the audit of the financial statements

Our opinion

In our opinion, Cadbury Nigeria Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Cadbury Nigeria Plc's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises Financial Highlights, Mission statement, Corporate information, Board of Directors and Company Secretary's profile, Directors' report, Statement of Directors' responsibilities, Certification of the audited financial statements, Report of the audit committee, Securities trading policy, Value added statement, Five-Year financial summary and Cadbury's distributors (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Cadbury Nigeria Plc 2021 Annual Report, which are expected to be made available to us after that date.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 that we 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.

When we read the other sections of the Cadbury Nigeria Plc 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
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Oladele Oladipo

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

23 March 2022

Engagement Partner: Oladele Oladipo
FRC/2013/ICAN/00000002951

Statement of financial position
As at 31 December 2021
In thousands of naira

	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	13	13,018,307	12,759,383
Right-of-use assets	27	21,331	15,122
Intangible assets	14	13,075	52,318
Total non-current assets		13,052,713	12,826,823
Current assets			
Inventories	16	8,100,730	5,244,046
Trade and other receivables	17	4,053,339	3,855,773
Prepayments	18	657,378	168,335
Cash and cash equivalents	19	17,824,131	11,115,707
Total current assets		30,635,578	20,383,861
Total assets		43,688,291	33,210,684
Equity and liabilities			
Equity			
Share capital	20	939,101	939,101
Share premium	20	272,344	272,344
Other reserves	20	3,436,348	3,436,348
Share based payment reserve	20	153,220	117,359
Retained earnings		8,835,341	8,784,371
Total equity		13,636,354	13,549,523
Liabilities			
Non-current liabilities			
Borrowings	24	6,596,083	-
Deferred taxation	15	758,240	218,171
Employee benefits	21	668,017	4,961,429
Lease liabilities	27	4,890	6,867
Total non-current liabilities		8,027,230	5,186,467
Current liabilities			
Borrowings	24	3,884,269	3,450,723
Current tax liabilities	11	110,296	112,938
Trade and other payables	23	18,030,034	10,910,038
Lease liabilities	27	108	995
Total current liabilities		22,024,707	14,474,694
Total liabilities		30,051,937	19,661,161
Total equity and liabilities		43,688,291	33,210,684

These financial statements were approved by the Board of Directors on 23rd March 2022 and signed on its behalf by:

Adedotun Sulaiman)
Mr. Adedotun Sulaiman, MFR (Chairman)
FRC 2013/ICAN/000000002885

Oyeyimika Adeboye.)
Oyeyimika Adeboye (Managing Director)
FRC/2013/ICAN/00000001089

)
Ogaga Ologe (Finance Director)
FRC/2013/ICAN/00000001091

The accompanying notes on pages 31 to 68 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2021

In thousands of naira	Note	2021	2020
Revenue	5	42,372,034	35,407,323
Cost of sales	9	(35,894,401)	(29,508,278)
Gross profit		6,477,633	5,899,045
Other income	6	24,075	108,041
Selling and distribution expenses	9	(5,060,571)	(4,577,611)
Administrative expenses	9	(949,669)	(1,160,498)
Write-back of impairment for receivables	26	-	12,847
Result from operating activities		491,468	281,824
Finance income	7	856,025	127,442
Finance cost	7	(249,576)	(1,201)
Net finance income		606,449	126,241
Profit before tax		1,097,917	408,065
Income tax (expense)/ credit	11	(648,205)	523,762
Profit for the year		449,712	931,827
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurement losses on defined benefit obligations, net of tax	21(c)	-	(63,748)
Total comprehensive income for the year		449,712	868,079
Basic and diluted earnings per share (Kobo)	12	24	50

The accompanying notes on pages 31 to 68 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2021

In thousands of naira	Share capital	Share premium	Other reserves	Shared based payment	Retained earnings	Total equity
Balance at 1 January 2021	939,101	272,344	3,436,348	117,359	8,784,371	13,549,523
Comprehensive income for the year						
Profit for the year	-	-	-	-	449,712	449,712
Remeasurement gains on defined benefit obligations	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	449,712	449,712
Transactions with owners, recorded directly in equity						
Dividend declared (Note 12(b))	-	-	-	-	(338,077)	(338,077)
Unclaimed dividend adjustment*	-	-	-	-	(60,665)	(60,665)
Equity settled share based payment transaction	-	-	-	35,861	-	35,861
Total transactions with owners, recorded directly in equity	-	-	-	35,861	(398,742)	(362,881)
Balance at 31 December 2021	939,101	272,344	3,436,348	153,220	8,835,341	13,636,354

In thousands of naira	Share capital	Share premium	Other reserves	Shared based payment	Retained earnings	Total equity
Balance at 1 January 2020	939,101	272,344	3,436,348	89,893	8,828,549	13,566,235
Comprehensive income for the year						
Profit for the year	-	-	-	-	931,827	931,827
Remeasurement gains on defined benefit obligations	-	-	-	-	(63,748)	(63,748)
Total comprehensive income for the year	-	-	-	-	868,079	868,079
Transactions with owners, recorded directly in equity						
Dividend declared (Note 12(b))	-	-	-	-	(912,257)	(912,257)
Equity settled share based payment transaction	-	-	-	27,466	-	27,466
Total transactions with owners, recorded directly in equity	-	-	-	27,466	(912,257)	(884,791)
Balance at 31 December 2020	939,101	272,344	3,436,348	117,359	8,784,371	13,549,523

*The amount represent the correction of the understatement of unclaimed dividend balance from prior years based on the reconciliation carried out between the Company and the Company's Registrar.

The accompanying notes on pages 31 to 68 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2021

In thousands of naira	Note	2021	2020
Cash flow from operating activities			
Profit before tax		1,097,917	408,065
Adjustments for:			
Depreciation of property, plant and equipment	13	1,323,838	1,503,338
Depreciation of ROU asset	27	15,851	16,647
Equity settled share-based payment transaction	22	35,861	27,466
Amortisation of intangible assets	14	39,243	92,192
Finance income	7	(856,025)	(127,442)
Exchange difference	19	(63,231)	(30,023)
Gain on sale of property, plant and equipment	8	(420)	(67,656)
Interest on lease liabilities	27	1,046	1,201
Interest on borrowings	24	248,530	-
Gratuity and long service awards charge	21(d)	(1,368,499)	923,068
		474,112	3,001,740
Change in:			
Inventories		(2,856,684)	818,585
Trade and other receivables		(208,899)	673,895
Prepayments		(489,043)	(15,811)
Trade and other payables	23(c)	8,482,935	1,800,596
Cash generated from operating activities		5,402,420	6,279,005
Employee benefit paid	21(d)	(2,924,913)	(499,021)
VAT paid		(1,704,047)	(1,241,831)
Income tax paid	11(b)	(99,446)	(283,360)
Net cash generated from operating activities		674,014	4,254,793
Cash flow from investing activities			
Interest received	7	856,025	127,442
Proceeds from sale of property, plant and equipment		6,638	71,327
Acquisition of property, plant and equipment	13	(1,588,980)	(788,904)
Net cash used in investing activities		(726,317)	(845,019)
Cash flow from financing activities			
Dividends paid	23(a)	(57,632)	(178,459)
Loan draw down		5,162,379	-
Loan repayment		(4,728,833)	-
Proceeds from borrowings	24	6,347,553	3,450,723
Lease liabilities paid	27	(25,970)	(25,573)
Net cash generated from financing activities		6,697,497	3,246,691
Net increase in cash and cash equivalents		6,645,194	6,656,465
Cash and cash equivalents at 1 January		11,115,707	4,429,219
Exchange gain on foreign currency cash and cash equivalents	19	63,231	30,023
Cash and cash equivalents at 31 December	19	17,824,131	11,115,707

The accompanying notes on pages 31 to 68 form an integral part of these financial statements.

Notes to the financial statements

Notes to the financial statements

1 Reporting entity

Cadbury Nigeria Plc is a company domiciled in Nigeria. The address of the Company's registered office is Lateef Jakande Road, Ikeja, Lagos. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but also for exports.

The Company's brands fall into three principal categories, namely refreshment beverages, confectionary and intermediate cocoa products. Cadbury Bournvita is the refreshment beverage, Tom Tom, Candy Caramel, Candy Coffee, Buttermint and Clorets gum are the confectionery products while Cocoa Butter is a key product in the intermediate cocoa category.

Cadbury Nigeria Plc is owned 74.97% (2020: 74.97%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International and 25.03% (2020: 25.03%) by a highly diversified spread of individual and institutional shareholders.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Company's Board of Directors on 23 March 2022.

(b) Basis of preparation

These financial statements have been prepared under the historical cost basis except for the following;

- Liabilities for equity-settled share-based payment arrangements – fair value
- Defined benefit obligations – present value of the obligation
- Inventory - lower of cost or net realizable value
- Lease liabilities - present value of the obligation

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands, except when otherwise indicated.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions, estimation uncertainties, and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements are described below;

Note 15 – Deferred taxation

Note 21 – Employee benefits

Note 22 – Share-based payment plan

Note 28 – Contingent liabilities and commitments

Deferred taxation-key assumptions

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecgonised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the financial statements (Continued)

2 Basis of preparation (Continued)

(d) Use of estimates and judgments (Continued)

Defined benefit plans (pension benefits)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

The recognized liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in other comprehensive income (OCI).

The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximately the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Share-based payment transactions

The Company participates in a group share-based payment arrangement instituted by its ultimate parent, Mondelēz International. Certain employees of the Company participate in this arrangement which is based on the shares of Mondelēz International. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the years that the employees unconditionally become entitled to the awards.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions. They are presented as employee expenses and included in administrative expenses in the statement of profit or loss.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Contingent liabilities and commitments

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Notes to the financial statements (Continued)

3 Significant accounting policies

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

i) Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement of the Company's debt instruments is dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company classifies its debt instruments at amortised cost. The Company has no equity investments.

The business models applied to assess the classification of the financial assets held by the company are;

Hold to collect: Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represents solely payments of principal and interest. Assets held under this business model are measured at amortised cost.

Fair value through other comprehensive income: Financial assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. The cash flows represents solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.

Fair value through profit or loss: This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

The business model for the Company's financial assets are held to collect contractual cashflows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets).

The Company's financial assets include trade and other receivables, cash and cash equivalents and amount due from related parties. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings, amounts due to related parties and lease liabilities.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

ii) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost under IFRS 9: Financial instruments. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The general approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis. Non-trade receivables from related parties, other assets and cash and cash equivalents have been assessed for impairment under this approach.

The simplified approach is applied for trade receivables from related parties and third party customers. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted using forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset, and any related loss allowance is written off either partially or in full.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

iv) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(c) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognized includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to the location and a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized as profit or loss in the statement of profit or loss and other comprehensive income.

ii. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company.

iii. Depreciation and impairment

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of capital-work-in-progress, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Leasehold land – Over the lease term period
- Buildings – 40 years
- Plant and Machinery
    - Power Generating Equipment –20 years
    - Packaging Equipment – 15 years
    - Food and Candy Processing Equipment – 15 years
    - Totebins - 2 years
- Motor Vehicles - 4 years
- Office furniture and Equipment – 6.67 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(d) Intangible assets (Software)

Recognition and measurement

i Software acquired is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii Amortization is recognized in profit or loss on a straight line basis over the estimated useful life of the software from the date it is available for use.

The estimated useful lives for the current and comparative years of significant items of intangible asset are as follows:

- Software
  - o Catalyst SAP – 7 years
  - o Others – 5 years

iii Impairment

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

iv Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment whenever there is an indication that it may be impaired.

(e) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to control the use of the asset(s).

Company as a lessee

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company separates non-lease components from lease components.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(e) Leases (Continued)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as non-current assets in the statement of financial position, separately from property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is based on the money market rate derived from Bloomberg. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The interest expense is included in administrative expenses and presented under operating activities in the Statement of Cash Flows. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The basis of costing is as follows:

- Engineering spares and consumable stock - purchase cost on a weighted average basis including transportation and clearing costs;
- Raw, sundry and non-returnable packaging materials, finished products and products in process measured on the basis of weighted average cost. The cost of finished goods and products in progress comprises raw materials, direct labor, other direct costs and related production overheads;
- Stock-in-transit - purchase cost incurred to date;

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stock values are adjusted for obsolete, slow-moving or defective items where appropriate.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(g) Dividend

Dividends are recognized as a liability in the period they are declared.
Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 432 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2020, are written back to retained earnings.

The Securities and Exchange Commission (SEC) published a circular in 2015 directing Capital Market Registrars to return all unclaimed dividend which has been in their custody for fifteen (15) months and above to the paying companies. These unclaimed dividends are included as a liability to the shareholders until they become statute barred in accordance with the provisions of Section 432 of CAMA.

(h) Employee benefits

i Defined benefit gratuity scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

The recognized liability is determined by an independent actuarial valuation expert every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in other comprehensive income (OCI) and are included in retained earnings in the statement of financial position and statement of changes in equity.

The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximately the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under 'cost of sales' and 'administration expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Effective 1 September 2021, the company terminated the defined benefit scheme and transferred the amounts due to eligible employees (based on an actuarial valuation as at 1 September 2021) to fund manager.

ii Defined contribution plan

A defined contribution scheme is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods. In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions. Obligations for contributions to the defined contribution plan are recognized as employee benefit expense in profit or loss in the periods which related services are rendered by employees. Employees contribute 8% each of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10.3% of each employee's Basic salary, Transport and Housing Allowances.

iii Short-term employee benefits

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

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

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(h) Employee benefits (Continued)

iv Share-based payment transactions

The Company participates in a group share-based payment arrangement instituted by its ultimate parent, Mondelēz International. Certain employees of the Company participate in this arrangement which is based on the shares of Mondelēz International. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense (split by function between cost of sales, administrative expenses and selling & distribution expenses), with a corresponding increase in equity, over the years that the employees unconditionally become entitled to the awards.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions. They are presented as exployee expenses and included in administrative expenses in the statement of profit or loss.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

v Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards scheme instituted for all permanent employees. The Company's obligation in respect of the Long Service Awards scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognized fully in profit or loss.

vi Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future pre-tax cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(k) Government grants

The Company is a beneficiary of the Export Expansion Grant (EEG), an unconditional grant related to export sales. The EEG aims to support active exporters in expanding their international business. It is a post-shipment incentive designed to expand export volumes and improve global competitiveness of the Nigerian products. The value of the grant is based on the amount awarded in the grant certificate. The grant is recognized in the statement of profit or loss as a deduction from cost of sales when the grant becomes receivable.

(l) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Company's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after the below conditions are met:

- The contract is approved by the parties
- Rights and obligations are recognised
- Collectability is probable
- The contract has commercial substance; and
- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Sale of goods arises from sales of products to third parties and related parties. Revenue from the sale of goods is recognised when the control of the goods are transferred to the buyer. This occurs when the goods are transferred to the customer in accordance with the terms of the trade contract. The Company offers a credit period which is deemed suitable and conditional upon the provision of a bank guarantee, otherwise payment would be made in advance. The payment term is as contained in the customer's contract and contracts with customers do not contain a financing component. Returns are not allowed for goods sold, so the Company does not have a return Policy.

Delivery occurs when the goods have been shipped to the agreed location, the risks of obsolescence and loss have been transferred to the customer.

Revenue is recognised based on the price specified in the contract, net of the estimated rebates. Rebates are estimated at the inception of the contract.

Disaggregation of revenue from contract with customers

The Company recognises revenue from the transfer of goods at a point in time in the following product lines and geographical regions. The below information is stated in thousands of Naira.

Product lines	Nigeria	Other Countries	Total
Refreshment Beverages	27,972,787	38,629	28,011,416
Confectionary	12,106,753	449,955	12,556,708
Intermediate cocoa products	188,576	1,615,334	1,803,910
Total	40,268,116	2,103,918	42,372,034

(m) Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, interest on lease liabilities, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets.

(n) Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(n) Tax (Continued)

i Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the following types of current income tax:

Company Income Tax- This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2020 as amended to date.

Tertiary Education Tax- Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

The Company offsets current tax assets and current tax liabilities if and only if it has a legally enforceable right to set off tax assets and tax liabilities and they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

ii Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

The measurement of deferred tax reflects the tax consequences that would follow 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

iii Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(o) Share capital

The Company has only one class of shares: ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental costs that are directly attributable to issuing new shares are deducted from equity (net of any income tax benefit). Non-incremental costs that are not directly attributable to the share issue are recorded as an expense in profit or loss.

(p) Earnings per share

The Company presents basic and diluted 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 ordinary shares outstanding during the year, adjusted for own shares held (if any). Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held (if any), for the effects of all dilutive potential ordinary shares.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

(q) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and call deposits with associated exchange difference for foreign currency-denominated balances, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in investing activities.

(r) Operating segment

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company’s primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company’s internal reporting structure.

All operating segments' operating results are reviewed regularly by the Company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities. The Board of Directors is the Chief Operating decision maker.

(s) Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations to standards

The following new standard, amendment to standard and interpretation are effective for the period under review. The Company is not affected by all other effective amendments during the year.

Amendment to IFRS 16 (Leases) – COVID-19 related rent concessions

The amendment provides practical relief to lessees in accounting for rent concessions as a direct consequences of COVID -19, by introducing a practical expedient to IFRS 16. The practical expedite permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The amendment has no impact on the Company.

Amendment to IBOR Reforms

The main elements of the amendments (phase 2) are that to the extent modifications are made to financial instruments that are necessary to implement IBOR Reform and the new basis for calculating cash flows is ‘economically equivalent' to the previous basis:

(i) The effective interest rate (EIR) on floating-rate financial instruments is adjusted.

(ii) The formal designation of hedge relationships is amended and hedge accounting will continue.

To the extent that any additional modifications are made to financial instruments, it will be necessary to assess whether they would lead to the instrument’s derecognition. If not:

(i) The floating rate instruments are not recorded at fair value through profit or loss, the net present value of the additional modification (discounted at the revised EIR) is recorded in profit or loss.

(ii) Hedge accounting will only continue as long as the hedge is not required to be discontinued, applying the normal hedge accounting rules. If the hedge continues, the formal designation is amended, but there may in future be additional hedge ineffectiveness.

Notes to the financial statements (Continued)

3 Significant accounting policies (Continued)

Amendment to IBOR Reforms (Continued)

Some significant new disclosure requirements include:

(i) IFRS 4 Insurance Contracts has been amended so that insurers who are still using IAS 39 Financial Instruments: Recognition and Measurement will obtain the same reliefs as other entities.

(ii) IFRS 16 Leases has also been amended to provide relief for the accounting by lessees for leases which refer to IBORs.

The IBOR phase 2 amendment is effective for years beginning after 1 January 2021, however, for USD LIBOR which is relevant to the Company will be discontinued in June 2023. Hence, the Company will be applying this standard in 2023

The amendment has no impact on the Company.

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments:

Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The amendment has no impact on the Company.

(t) New standards, amendments and interpretation not yet effective

Certain new standards, amendments to standards and interpretations have been published that are not yet effective for the financial year ended 31 December 2021 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is as stated below. Other standards are not applicable to the Company.

IFRS 17 - Insurance Contracts effective for annual periods beginning 1 January 2023

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard has no impact on the company.

4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In some cases, if the inputs used to measure the fair value of an asset or a liability is categorised in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included in Financial Instruments – Financial risk management and fair values (Note 25).

Notes to the financial statements (Continued)

5 Revenue

In thousands of naira

Revenue for the year comprises:

	2021	2020
Domestic sales	40,268,116	32,293,934
Export sales	2,103,918	3,113,389
	42,372,034	35,407,323

6 Other income

Other income comprises:

In thousands of naira	2021	2020
Sale of by-products	53	38,577
Insurance claims received	23,602	1,808
Gain on disposal of property, plant and equipment	420	67,656
	24,075	108,041

7 Net finance income / (cost)

In thousands of naira	2021	2020
Finance income		
Interest income on bank deposits	856,025	127,442
Finance cost		
Interest expense on leases	(1,046)	(1,201)
Interest expense on borrowings	(248,530)	-
Net finance income recognised in profit or loss	606,449	126,241

8 Profit before tax

Profit before taxation is stated after (crediting)/charging:

In thousands of naira	2021	2020
Directors' remuneration (Note 10(iv))	222,531	222,300
Depreciation of property, plant and equipment (Note 13)	1,323,839	1,503,338
Depreciation of ROU assets (Note 27)	15,851	16,647
Amortisation of intangible assets (Note 14)	39,243	92,192
Personnel expenses (Note 10(i))	3,752,355	5,819,960
Audit fees	21,930	21,400
Tax services	30,296	26,670
Gain on disposal of property, plant and equipment	(420)	(67,656)
Royalty and technical service fees (Note 25)	870,108	699,804
Operating lease cost	8,941	6,595
Foreign currency exchange loss/(gain), net	299,394	71,595

Non-audit Services

No non-audit services were provided by our auditors

Details of other professionals providing other forms of assurance on the financial statements are as follows:

Name of professional	FRC number of the professional	Name of firm	Nature of service
Rotimi Okpaise	FRC/2012/NAS/0000000738	Ernst and Young	Actuarial services
James Adeagbo	FRC/2020/004/00000021900	Ernst and Young	Taxation services

Notes to the financial statements (Continued)

9 Expenses by nature

The analysis of Cost of Sales, Selling & Distribution and Administrative expenses by nature are as follows:

In thousands of naira	2021	2020
Raw and packaging materials	27,054,456	18,206,960
Energy and utilities	1,487,383	2,030,097
Advertising and sales promotion	2,873,310	2,614,809
Depreciation (Note 13)	1,323,839	1,519,985
Amortization (Note 14)	39,243	92,192
Employee benefits (Note 10(i))	3,752,355	5,819,960
Distribution	688,589	538,270
Repairs and maintenance	425,559	504,736
Royalty, technical service and management fees (Note 25)	870,108	699,804
Redundancy costs*	75,531	240,716
Consultancy, professional fees and subscriptions	260,058	320,652
Travel and entertainment	148,640	117,328
Telephone and related charges	47,412	44,783
Insurance	169,569	152,570
Production and office consumables	2,688,588	2,343,525
	41,904,641	35,246,387

*Redundancy costs relate to severance pay and other payments made to employees that were made redundant during the year.

Summarised as follows:

	2021	2020
Cost of sales	35,894,401	29,508,278
Selling and distribution expenses	5,060,571	4,577,611
Administrative expenses	949,669	1,160,498
	41,904,641	35,246,387

10 Personnel expenses

(i) Employee benefit expenses during the year comprises:

In thousands of naira	2021	2020
Salaries and wages	4,367,603	4,297,566
Pension contribution (Note 21(b))	795,155	770,131
*Gratuity (Note 21(b))	(1,446,265)	724,797
Share-based transactions (Note 22)	35,861	27,466
	3,752,354	5,819,960

*Effective 1 September 2021, the company terminated the defined benefit scheme and transferred the amounts due to eligible employees (based on an actuarial valuation as at 1 September 2021) to fund manager.

Notes to the financial statements (Continued)

10 Personnel expenses (Continued)

(ii) Employees of the Company, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

N		N	2021 Number	2020 Number
400,001	-	600,000	-	0
600,001	-	800,000	12	14
800,001	-	1,000,000	6	6
1,000,001	-	1,200,000	10	15
1,200,001	-	1,400,000	12	3
1,400,001	-	1,600,000	2	3
1,600,001	-	1,800,000	3	6
1,800,001	-	2,000,000	1	16
2,000,001	-	2,500,000	71	141
2,500,001	-	3,000,000	110	91
3,000,001	-	3,500,000	69	62
3,500,001	-	4,000,000	51	40
4,000,001	-	4,500,000	24	5
4,500,001	-	5,000,000	23	9
5,000,001	and	above	95	86
			489	497

(iii) The average number of full-time persons employed during the year (other than Executive Directors) was as follows:

	2021 Number	2020 Number
Production	307	258
Supply chain	29	85
Sales and marketing	122	122
Administration	31	32
	489	497

(iv) Remuneration for Directors of the Company charged to the profit or loss are as follows:

In thousands of naira	2021	2020
Fees	22,700	14,700
Salaries	187,168	198,043
Pension	12,663	9,557
	222,531	222,300

Three directors received directors fee as remuneration while the others received salaries.

The Directors' remuneration shown above includes:

In thousands of naira	2021	2020
Chairman	8,700	13,200
Highest paid director	132,542	122,498

Other Directors received emoluments in the following ranges:

N			2021 Number	2020 Number
Nil	-	100,000	4	3
7,000,001	-	9,000,000	3	2
50,000,000	-	55,000,000	1	1
90,000,000	-	100,000,000	1	1
			9	7

Notes to the financial statements (Continued)

11 Income tax expense

Tax recognised in profit or loss:

In thousands of naira	2021	2020
Current tax expense		
Company income tax	108,087	90,657
Tertiary education tax	-	22,260
Police trust fund levy	49	20
	108,136	112,938
Deferred tax expense/ (credit) (Note 15)	540,069	(636,700)
	540,069	(636,700)
Income tax expense/ (credit)	648,205	(523,762)

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

(a) Reconciliation of effective tax rate:

In thousands of naira	%	2021	%	2020
Profit for the year		449,712		931,827
Taxation		648,205		(523,762)
Profit before income tax		1,097,917		408,065
Income tax using the Company's domestic rate of 30%	30	329,375	30	122,419
Impact of tertiary education tax	-	-	5	22,260
Impact of police trust fund levy	-	49	-	20
Impact of deferred tax	49	540,069	(156)	(636,700)
Impact of minimum tax	10	108,087	-	-
Loss for the year	33	357,010	-	-
Effect of capital allowance and balancing charge	-	1,964	(60)	(243,247)
Non-deductible expenses	58	634,320	183	747,108
Effect of tax incentives and exempted income	(120)	(1,322,668)	(131)	(535,623)
Tax expense/ (credit)	59	648,205	(128)	(523,762)

(b) The movement on the tax payable account during the year was as follows:

In thousands of naira	2021	2020
Balance, beginning of the year	112,938	283,360
Current year charge	108,136	112,938
Payments during the year	(99,446)	(283,360)
WHT credit notes utilised	(11,332)	-
Balance, end of the year	110,296	112,938

Notes to the financial statements (Continued)

12 Earnings and declared dividend per share

(a) Basic earnings per share

Basic earnings per share for the Company of 24 kobo (2020: 50 kobo) is based on the profit attributable to ordinary shareholders N449,712,000 (2020: N931,827,000), and on the 1,878,201,962 (2020: 1,878,201,962) ordinary shares of 50 kobo each, being weighted average number of ordinary shares in issue during the year.

	2021	2020
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	1,878,201,962	1,878,201,962
Ordinary shares issued (Note 20)		
Weighted average number of ordinary shares at 31 December	1,878,201,962	1,878,201,962
Profit attributable to ordinary shareholders (N'000)	449,712	931,827
Basic earnings per share (kobo)	24	50

There were no potentially dilutive shares as at the reporting date (2020:Nil), thus the basic earnings per share and the diluted earnings per share have the same value.

(b) Dividend declared per share

Dividend per ordinary share of 18 Kobo (2020: 49 Kobo) was declared during the year, amounting to NGN 338 million (2020: NGN 912 million).

Dividend declared is subject to withholding tax before payment to the recipients. Also, excess dividend tax is applicable on the dividend declared to the extent that the dividend is declared out of profits that have not been subject to tax.

Notes to the financial statements (Continued)

13 Property, plant and equipment

(a) The movement on these accounts was as follows:

In thousands of naira	Leasehold Land	Buildings	Plant & machineries	Office furniture & equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
Cost							
At 1 January, 2021	652,800	4,988,854	20,486,034	1,800,504	1,518,624	1,650,516	31,097,332
Additions	-	-	-	-	-	1,588,980	1,588,980
Disposals	-	-	(200)	(24,008)	(157,692)	-	(181,901)
Transfers from CWIP	-	377,827	1,159,050	69,826	210,485	(1,817,188)	-
Reclassifcations	-	5,809	-	(5,809)	-	-	-
At 31 December, 2021	652,800	5,372,490	21,644,884	1,840,513	1,571,417	1,422,308	32,504,411
Accumulated depreciation							
At 1 January, 2021	162,823	1,744,190	14,531,652	1,002,693	896,591	-	18,337,949
Depreciation for the year	12,463	188,910	874,113	87,470	160,882	-	1,323,838
Disposals	-	-	(200)	(17,792)	(157,692)	-	(175,684)
Reclassifcations	-	1,650	-	(1,650)	-	-	-
At 31 December, 2021	175,286	1,934,750	15,405,565	1,070,721	899,781	-	19,486,104
Cost							
At 1 January, 2020	652,800	4,948,947	20,329,882	1,755,014	1,565,613	1,108,211	30,360,467
Additions	-	39,909	159,605	11,375	-	578,015	788,904
Transfers from CWIP	-	-	954	35,019	-	(35,973)	-
Disposals	-	-	(4,407)	(906)	(46,726)	-	(52,039)
At 31 December, 2020	652,800	4,988,856	20,486,034	1,800,502	1,518,887	1,650,253	31,097,332
Accumulated depreciation							
At 1 January, 2020	150,360	1,560,210	13,546,226	908,395	717,788	-	16,882,979
Depreciation for the year	12,463	183,980	986,565	94,801	225,529	-	1,503,338
Disposals	-	-	(1,139)	(503)	(46,726)	-	(48,368)
At 31 December, 2020	162,823	1,744,190	14,531,652	1,002,693	896,591	-	18,337,949
Carrying amounts							
At 31 December 2021	477,514	3,437,740	6,239,319	769,791	671,636	1,422,308	13,018,307
At 31 December 2020	489,977	3,244,666	5,954,382	797,809	622,296	1,650,253	12,759,383

* Reclassification of assets initially capitalised as building to their respective classes.

Notes to the financial statements (Continued)

13 Property, plant and equipment (Continued)

(b) Capital work in progress

Capital work in progress as at the end of the year is analysed as follows:

In thousands of naira	2021	2020
Plant and machinery	1,011,298	1,388,550
Office furniture and equipment	26,256	26,193
Software	144,117	25,289
Motor Vehicle	240,636	210,222
	1,422,308	1,650,253

No borrowing costs were capitalised during the year as the acquisition of property, plant and equipment was not through borrowings (2020: Nil).

(c) Capital commitments

Capital expenditure commitments at the year-end authorized by the Board comprise:

In thousands of naira	2021	2020
Contracted	411,376	615,678
	411,376	615,678

14 Intangible assets

Intangible assets represent purchase and installation cost of software licenses. The movement on this account during the year was as follows:

In thousands of naira	2021	2020
Cost		
Balance at 1 January	701,260	701,260
Additions	-	-
Balance at 31 December	701,260	701,260
Accumulated amortisation		
Balance at 1 January	648,942	556,750
Amortisation for the year	39,243	92,192
Balance at 31 December	688,185	648,942
Carrying amounts		
As at 1 January	52,318	144,510
As at 31 December	13,075	52,318

15

(a) Movement in deferred tax balances

In thousands of naira	Assets 2021	2020	Liabilities 2021	2020	Net 2021	2020
Unrealised exchange difference	120,527	-	-	(1,579)	120,527	(1,579)
Trade and other receivables	259,968	204,092	-	-	259,968	204,092
Employee benefits	217,106	1,587,657	-	-	217,106	1,587,657
Inventory	178,629	183,447	-	-	178,629	183,447
Property, plant and equipment & Intangible assets	-	-	(1,915,516)	(2,258,905)	(1,915,516)	(2,258,905)
ROU assets	-	-	(5,308)	(2,178)	(5,308)	(2,178)
unrelieved losses carried forward	357,010				357,010	
Share Based Payment Expenses	29,345	17,418	-	-	29,345	17,418
Expected credit loss	-	51,877	-	-	-	51,877
	1,162,584	2,044,491	(1,920,824)	(2,262,662)	(758,240)	(218,171)

(b) Movement in temporary differences during the year

In thousands of naira	Balance 1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2020	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2021
Property, plant and equipment	(2,449,537)	190,631	-	(2,258,905)	343,390	-	(1,915,516)
ROU assets	-	(2,177.99)	-	(2,178)	(3,130)	-	(5,308)
Trade and other receivables	193,858	10,234	-	204,092	55,876	-	259,968
Inventory	24,867	158,580	-	183,447	(4,818)	-	178,629
Unrealised exchange difference	3,690	(5,268)	-	(1,579)	122,106	-	120,527
unrelieved losses carried forward	-	-	-	-	357,010		357,010
Employee benefits	1,333,091	224,568	29,999	1,587,657	(1,370,552)	-	217,106
Share Based Payment Expenses	-	17,418	-	17,418	11,927	-	29,345
Expected credit loss	9,162	42,715	-	51,877	(51,877)	-	-
	(884,870)	636,700	29,999	(218,171)	(540,069)	-	(758,240)

The amount of non-current deferred tax liabilities that is expected to be settled after more than 12 months is N 758.24 million (2020: 218.17 million).

Notes to the financial statements (Continued)

16 Inventories

In thousands of naira	2021	2020
Raw and packaging materials	3,942,608	2,054,507
Product in process	117,910	383,254
Finished products	1,105,010	1,586,318
Spare parts	959,273	837,985
Goods in transit	1,975,929	381,982
	8,100,730	5,244,046

The value of raw materials, packaging materials, spare parts, and changes in finished products and products in the process included in the cost of sales amounted to N 27,054 million (2020: N 18,207 million). Adequate provisions were made for slow-moving stock. The value of obsolete stock at year end was N 645.10 million (2020: N 572.53 million).

During the year, N 20.44 million (2020: N 232.32 million) was recognised as an expense for finished goods carried at net realisable value. This is recognised in cost of sales. The inventories which had initially cost N 227.89 million (2020: N 725.53 million) were written down to their net realizable value of N 207.44 million (2020: N 493.21 million).

17 Trade and other receivables

In thousands of naira	2021	2020
Trade receivable	2,256,776	2,785,946
Other receivables	1,292,249	593,838
Withholding tax receivable	122,370	48,346
Due from related parties (Note 25)	381,944	427,643
	4,053,339	3,855,773

18 Prepayments

In thousands of naira	2021	2020
Prepaid insurance	185,621	135,182
Prepaid rent*	47,088	29,185
Advances to suppliers	424,669	3,968
	657,378	168,335

*Prepaid rent relates to short-term apartment leases for expats to which the Company elected to apply the short-term lease recognition exemptions.

19 Cash and cash equivalents

In thousands of naira	2021	2020
Bank balances	3,381,533	5,959,586
Call deposits	14,442,598	5,156,121
Cash and cash equivalents in the statement of financial position	17,824,131	11,115,707
Cash and cash equivalents in the statement of cash flows	17,824,131	11,115,707

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

Expected credit loss on cash and cash equivalents were determined, however, the amount was immaterial and thus, was not recognised.

Foreign currency denominated bank balances are revalued at each reporting date.

Notes to the financial statements (Continued)

19 Cash and cash equivalents (Continued)

Net cash/ (debt) reconciliation

The table below sets out an analysis of net cash/ (debt) and the movements in net cash/ (debt) for each of the periods presented:

In thousands of naira	2021	2020
Cash and cash equivalents	17,824,131	11,115,707
Borrowings - repayable within one year (including overdraft)	(10,480,352)	(3,450,723)
Net cash	7,343,779	7,664,984
Cash and liquid investments	17,824,131	11,115,707
Gross debt - fixed interest rates	(10,480,352)	(3,450,723)
Net cash	7,343,779	7,664,984

	Other assets	Liabilities from financing activities		
	Cash	Borrowing due within 1 year	Borrowing over 1 year	Total
In thousands of naira				
Net cash as at 1 January 2021	11,115,707	(3,450,723)	-	7,664,984
Cash flows	6,708,424	-	-	6,708,424
Borrowings (Note 24)	-	(433,546)	(6,596,083)	(7,029,629)
Net cash as at 31 December 2021	17,824,131	(3,884,269)	(6,596,083)	7,343,779
Net cash as at 1 January 2020	4,429,219	-	-	4,429,219
Cash flows	6,686,488	-	-	6,686,488
Borrowings (Note 24)	-	(3,450,723)	-	(3,450,723)
Net cash as at 31 December 2020	11,115,707	(3,450,723)	-	7,664,984

20 Capital and reserves

(a) Ordinary shares as at 31 December

In thousands of naira	2021	2020
Authorised 2,747,827,802 (2020: 2,747,827,802) ordinary shares of 50k each	1,373,914	1,373,914
Issued and fully paid ordinary shares of 50k each		
At 31 December - 1,878,201,962 ordinary shares of 50k each (2020: 1,878,201,962)	939,101	939,101

Nature and purpose of reserves

(b) Other reserves

The other reserves relates to non-distributable reserve that existed prior to the IFRS conversion which the Company did not transfer to retained earnings.

(c) Shared based payment reserve

The share based payment reserve relates to ordinary shares of Mondelez International that would be issued to employees when the options granted are being excised. As at year end, share based payment reserve amounted to N153.2million (2020: N117.4million). Refer to Note 22.

(d) Share premium

The balance in the share premium account was as follows:

In thousands of naira	2021	2020
At 31 December	272,344	272,344

Notes to the financial statements (Continued)

(e) Shareholding structure as at 31 December 2021

Shareholders:	Number of Ordinary Shares	Percentage Shareholding
Cadbury Schweppes Overseas Limited	1,408,131,653	74.97%
Total Directors' Shareholdings	648,000	0.03%
Institution holdings*	181,249,933	9.65%
Other shareholders	288,172,376	15.34%
Total	1,878,201,962	100%

** Institution holdings comprises shares held by institutional shareholders for various investors which are available for trade on the floor of the Nigerian Stock Exchange.*

Compliance with Free Float Requirements

As at 31 December 2021, Cadbury Nigeria Plc is complaint with the Free Float requirement for the Main Board of the Nigerian Stock Exchange, with free float of 24.99% (2020: 24.99%).

21 Employee benefits

Employee benefits comprises:

In thousands of naira	2021	2020
Unfunded gratuity obligation (Note(a)(i))	-	4,342,819
Other long-term employee benefits (Note(a)(ii))	668,017	618,610
	668,017	4,961,429

Other long term employee benefits provisions are based upon independent actuarial valuation conducted by Rotimi Okpaise (FRC/2012/NAS/0000000738) of Ernst & Young, Nigeria.

The weighted average liability duration for the plan is 5.46 years (2020: 7.46years).

(a) The following analyses the movement in the present value of employee benefit obligations, expense recognized in the profit or loss, actuarial assumptions and other information relating to the benefit plans:

(i) Movement in the present value of unfunded gratuity

In thousands of naira	2021	2020
Balance, beginning of year	4,342,819	3,999,546
Benefits paid by the plan	(136,467)	(475,271)
Current service costs	262,624	366,646
Interest cost	241,189	526,356
Transferred to funded scheme	(2,760,400)	-
Curtailment*	(1,949,765)	(168,205)
	-	4,249,072
Included in OCI		
Remeasurement gains on defined benefit obligations		
- change in assumption	-	279,370
- change in experience	-	(185,623)
	-	93,747
Balance, end of year	-	4,342,819

* Effective September 1 2021, the Company gratuity benefit plan was discontinued. This led to a past service credit of N1.95 billion due to curtailment as reported herein.
(2020: There was a restructuring which involved 51 employees during the year. This led to a curtailment gain of N168 million reported herein).

(ii) Movement in other long-term employee benefits:

In thousands of naira	2021	2020
Balance, beginning of year	618,610	444,089
Benefits paid by the plan	(28,046)	(23,750)
Current service costs	56,545	41,792
Interest cost	51,225	58,221
Curtailment gains	-	(47,497)
Actuarial losses/ (gains) – change in assumption	(98,589)	107,429
Actuarial losses/ (gains) – experience adjustment	68,272	38,326
Balance, end of year	668,017	618,610

Notes to the financial statements (Continued)

21 Employee benefits (Continued)

(b) The employee benefits related expense are recognised in the following line items in the statement of profit or loss and other comprehensive income:

	Cost of Sales	
In thousands of naira	2021	2020
Defined benefit obligation expense	(998,397)	434,546
Pension expense	443,280	378,554
Long service awards expense	43,178	114,997
	(511,939)	928,097

	Administrative Expenses	
In thousands of naira	2021	2020
Defined benefit obligation expense	(447,868)	290,251
Pension expense	351,875	391,578
Long service awards expense	34,275	83,274
	(61,718)	765,103

	Total	
In thousands of naira	2021	2020
Defined benefit obligation expense	(1,446,265)	724,797
Long service awards expense	77,453	198,271
	(1,368,812)	923,068
Pension expense	795,155	770,131
	(573,657)	1,693,199

(c) Remeasurement gains and losses recognised in other comprehensive income are analysed as follows:

In thousands of naira	2021	2020
Defined benefit plans remeasurement (loss)/ gain	-	(93,747)
Tax credit/ (expense)	-	29,999
Defined benefit plans remeasurement (losses)/ gains net of tax	-	(63,748)

(d) The employee benefits related expense are recognised in the following line items in the Statement of cash flow:

In thousands of naira	2021	2020
Defined benefit obligation expense	(1,446,265)	724,797
Long service awards expense	77,453	198,271
Gratuity and long service awards charge	(1,368,812)	923,068
Defined benefit obligation paid	(136,467)	(475,271)
Long service awards paid	(28,046)	(23,750)
Transferred to funded scheme	(2,760,400)	-
Employee benefit paid	(2,924,913)	(499,021)

(e) Actuarial assumptions

Principal financial actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	12.8	8.5
Future salary increases	12.0	10.0
Inflation rate	12.0	11.0

The inflation rate used in the assumption is forward-looking.

Mortality in service

Sample age	2021	2020
	Number of deaths in year out of 10,000 lives	Number of deaths in year out of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Notes to the financial statements (Continued)

21 Employee benefits (Continued)

Withdrawal from service

Age band	2021	2020
	Rate (%)	Rate (%)
Less than or equal to 30	7	7
30-39	5	5
40-49	3	3
50-59	3	3

Assumptions regarding future mortality rates are based on published A67/70 statistics and mortality tables by Institute and Faculty of Actuaries in the UK.

Withdrawals/turnover

It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2020: age 60).

(f) Sensitivity analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

In thousands of naira		Gratuity N	Long service awards N
Base			664,694
	+1%		634,819
Discount rate	-1%		697,638
	+1%		682,140
Salary increase rate	-1%		648,590
	+1%		683,239
Inflation Rate	-1%		647,623
	Age rated up by one year		662,551
Mortality rate	Age rated down by one year		666,632

Risk exposure

Through its defined benefit obligation plans and long service awards, the Company is exposed to a number of risks, the most significant of which are detailed below:

i. Liquidity risk: The plan liabilities are not funded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

ii. Inflation risk: This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long term asset values and a rise in liability values.

iii. Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

iv. Asset volatility: The plan liabilities are calculated using a discount rate set with reference to federal government bond yields. A decrease in the bond yields will increase plan liabilities.

(g) Maturity Profile of the Defined Benefit Obligation

In thousands of naira	Gratuity N	Long service awards N
Within the next 12 months (next annual reporting period)	-	212,754
Between 2 and 5 years	-	346,485
Between 5 and 10 years	-	495,213
Beyond 10 years	-	2,689,540
Total	-	3,743,992

Notes to the financial statements (Continued)

22 Share-based payment plan

The Group’s ultimate holding company, Mondelēz International, operates two Equity Incentive Schemes for its key management employees around the world known as the Deferred Stock Unit Agreement (DSU) and Non-Qualified Non-U.S. Stock Option Award Agreement (NSOA). Under the DSU agreement, Mondelēz International awards Restricted Stock Units (RSU) to employees that entitle participants to receive freely disposable Mondelēz International equity instruments at the end of a three-year restriction period. Under the NSOA agreement, participating employees receive the share appreciation in value i.e., the difference between the fair value of the options on exercise date and the price on grant date at the end of the three year vesting period. The fair value at grant date is determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option.

Performance stock units (PSU) is a long term incentive introduced in the year which rewards key management employees with Mondelēz International stock when key company financial goals are achieved during a three-year performance period. Dividend equivalents are also paid for the number of shares awarded.

The model inputs for options granted during the year ended 31 December 2021 included:

a. Exercise price: US$56.13 (2020 – US$59.04)
b. Grant date: 18 February 2021 (2020 – 20 February 2020)
c. Expiry date: 18 February 2031 (2020 – 20 February 2030)
d. Expected volatility of underlying shares: 25% (2020 – 17%)
e. Risk free interest rate: 1.41% (2020 – 1.46%)
f. Expected dividend yield: 2% (2020 – 2%)

The fair value of the new shares awarded in 2021 as at grant date is $17,717.
At 31 December 2021, Cadbury Nigeria Plc had two (2) (2020: two (2)) deserving management employees in its employment.
The Share-based payment is equity-settled. The terms and conditions relating to the grants of the DSU and NSOA agreements are as follows:

Revenue	Number of instruments	Vesting conditions	Contractual life of rights
Shares awarded to senior management in 2018	5,818	3 year's service	10 years
Shares awarded to senior management in 2019	5,990	3 year's service	10 years
Shares awarded to senior management in 2020	1,700	3 year's service	10 years
Shares awarded to senior management in 2021	1,340	3 year's service	10 years

The terms and conditions relating to the grants of the PSU agreements are as follows:

	Number of instruments	Vesting conditions	Contractual life of rights
PSU awards to senior management in 2020	1030	3 year's service	4 years
PSU awards to senior management in 2021	820	3 year's service	4 years

The movement in the share based payment account was as follows:

In thousands of naira	2021	2020
Cumulative amount at January 1	117,359	89,893
Recognized during the year	35,861	27,466
Cumulative amount at December 31	153,220	117,359

The share based payment expense recognised in the profit or loss for the year is NGN 35.86 million (2020: NGN 27.47 million).

23 Trade and other payables

In thousands of naira	2021	2020
Trade payables	9,448,729	4,407,205
Dividend payable (Note (23a))	399,023	319,106
Pension payable (Note (23b))	7,197	-
Accrued expenses	2,883,573	1,841,232
Due to related parties (Note 25)	4,291,059	3,477,440
Contract liabilities	499,352	348,055
Unpaid decapitalisation fund	501,101	517,000
	18,030,034	10,910,038

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26.

Notes to the financial statements (Continued)

23 Trade and other payables (Continued)

(a) Dividend payable

Dividend payable represents unclaimed dividend from prior years. The movement on this account was as follows:

In thousands of naira	2021	2020
Balance, beginning of year	319,106	269,248
Dividend declared	76,885	228,317
Payments made during the year	(57,632)	(178,459)
Dividend payable Adjustment	60,665	-
Balance, end of year	399,023	319,106

As at year end, a total cash amount of NGN 28.00 million (2020: NGN 85.63 million) was held with the Company's registrar, First Registrar representing unclaimed dividends.

(b) Pension payable

In thousands of naira	2021	2020
Obligation as at 1 January	-	2,271
Charge for the year	795,155	770,131
Payments	(787,958)	(772,403)
Obligation as at 31 December	7,197	-

(c) Reconciliation of changes in trade and other payables included in statement of cash flows

In thousands of naira	2021	2020
Movement in trade and other payables	7,119,996	1,292,563
VAT paid	1,704,047	1,241,831
Dividend paid	57,632	178,459
Dividend declared	(338,077)	(912,257)
	8,543,599	1,800,596

24 Borrowings

	2021	2020
Long term borrowings	6,596,083	-
Short term borrowings	3,884,269	3,450,723
	10,480,352	3,450,723

Movement in borrowings during the year is as follows:

In thousands of naira		
As at 1 January	3,450,723	-
Additions to intercompany loan	6,347,553	-
Addition in the year - Import finance facilities	5,162,379	3,450,723
Repayment in the year - Import finance facilities	(4,728,833)	
Interest on loan	248,530	-
Balance as at 31 December	10,480,352	3,450,723

The US$15.54 million Intercompany loans represent the principal ($15.00 million) and accrued interest ($0.54 million) on the loans taken from Cadbury Schweppes Overseas Limited during the course of the year (2020: Nil)
The short-term borrowings represent the US $22.2 million Import finance facilities with two banks priced at an interest rate of LIBOR+6% and LIBOR+7% respectively to meet the importation needs of the Company (2020:US$22.2 million). The facilities have a tenure of 365days that renews automatically at the option of the Company.

25 Related Parties

Amount due from related parties

In thousands of naira	2021	2020
Cadbury Ghana Limited	160,679	352,389
Mondelez South Africa (Pty) Limited	169,682	38,359
Mondelez Europe Services	33,148	53,357
Chapelat Swaziland (Pty)	34,897	-
	398,406	444,104
Impairment provision	(16,462)	(16,462)
	381,944	427,643

Notes to the financial statements (Continued)

25 Related Parties (Continued)

Amounts due to related parties

In thousands of naira	2021	2020
Mondelez Egypt Foods SAE (MEF)	225,676	352,671
Cadbury Ghana Limited	668,274	412,755
Mondelez South Africa (Pty) Ltd	21,643	-
Cadbury Schweppes Overseas Ltd	867,098	632,644
Reading Scientific Services	2,695	1,133
Mondelez Pakistan Limited (MP)	160,106	90,320
Cadbury Enterprises Pte Ltd (Singapore)	2,345,566	1,987,917
	4,291,058	3,477,440

Of the total amount due to related parties, an amount of NGN 2.17 billion (2020: NGN 1.56 billion) represents technical service fees due to Mondelez International AMEA PTE Ltd.

(a) Parent and Ultimate holding companies

The Company is a subsidiary of Mondelēz International incorporated in the United States of America. Mondelēz International, through Cadbury Schweppes Overseas Limited held 74.97% of the issue and fully paid share capital of the Company as at 31 December 2021 (2020: 74.97%). Amount due to Cadbury Schweppes Overseas Ltd at the end of the period was N867.1 million for 2019 and 2020 Dividend (2020: N632.6 million for 2019 dividend).

(b) Related party transactions

The Company entered into the following transactions with the under-listed related parties during the year:

(i) Cadbury Enterprises Pte (Singapore)

The Company has the exclusive rights to manufacture, distribution, and marketing of Cadbury's international brands in Nigeria and also provide services. In consideration for this, royalties, technical know-how, and management services are paid to Cadbury enterprises Pte.

The Company made an accrual of N179.2 million & N603.9 million for 2021 royalties and technical know-how and management service fees respectively.
The amount due to Singapore at the end of the period was N2,345.6 million (2020: N1,987.9 million).

(ii) Cadbury Ghana Limited (CGL)

The Company sells confectionery to CGL and in turn purchases 3-in-1 Hot chocolate from CGL. Sales during the period amounted to N441.9 million (2020: N471.2 million), Purchases during the period was N4,810.0 million (2020: N3,307.8 million) and other transactions for the period amounted to N40.1 million (2020: N3.8 million). The net amount due to CGL at the end of the period was N507.6 million (2020: N60.4 million). The Company and CGL are subsidiaries of the same parent company.

(iii) Mondelez Pakistan Limited (MP)

The Company shares the same parent company with MP. Transactions during the period amounted to N61.5 million (2020: N75.2 million) representing mainly salary recharges to the company for expatriates in its employment. Amount due to MP at the end of the period was N160.1 million (2020: N90.3 million).

(iv) Mondelez South Africa (Pty) Limited (KFSA)

The Company shares the same parent company with KFSA. Transactions during the period amounted to N333.3 million (2020: N92.0 million) representing mainly salary recharges to/from KFSA. The net amount due from KFSA at the end of the period was N148.0 million (2020: N38.4 million).

(v) Chapelat Swaziland (Pty) (CH)

The Company shares the same parent company with CH. Transactions during the period amounted to N33.8 million (2020: Nil) representing mainly salary recharges from the company to CH. The amount due from CH at the end of the period was N34.9 million (2020: Nil).

(vi) Mondelez Eygpt Foods SAE (MEF)

The Company purchases certain Gum product from MEF during the period which it sells and market to its consumers. Purchases during the period were N82.3 million (2020: N332.7 million). Amounts due to MEF at the end of the period were N225.7 million (2020: N352.7 million).

Notes to the financial statements (Continued)

25 Related Parties (Continued)

(vii) Mondelez Europe Services GmbH (MES)

The Company shares the same parent company with MES. Transactions during the period amounted to N142.7 million (2020: N151.6 million) representing mainly research, development, and quality (RD&Q) recharges from the company to MES. The amount due from MES at the end of the period was N33.1 million (2020: N53.4 million).

(viii) Reading Scientific Services (RSS)

The Company shares the same parent company with RSS. Transactions during the period were N7.2 million (2020: N6.1 million) representing mainly research, development, and quality (RD&Q) recharges from RSS to the company. Amount due to RSS at end of the period was N2.7 million (2020: N1.1 million).

(c) Transactions with executive management personnel and executive management personnel compensation

Key Management personnel include members of the board and executive management. In addition to their salaries, the Company also provides non-cash benefits to Executive Directors and members of executive management, and contributes to a post-employment defined contribution plan on their behalf. In accordance with the terms of the plan, Executive Directors and other executive management retire at age 60 and if qualified, are entitled to receive gratuity lump sum amount from Cadbury Nigeria Plc.

Executive Directors and other executive management, if qualified, also participate in the Company's long service awards programme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service.

Executive management personnel compensation comprised:

In thousands of naira	2021	2020
Short-term employee benefits	509,571	410,180
Contribution to compulsory pension fund scheme	29,832	27,487
Share based payments	35,861	27,466
	575,264	465,133

One Executive management personnel received a Long service award of N3.5m during the year (2020: Nil). There were no other transactions with key management personnel (2020: Nil).

26 Financial risk management and fair values

A *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the financial statements (Continued)

A Risk management framework (continued)

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Internal Audit Function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(a) *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

(i) *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of naira	2021	2020
Cash and cash equivalents (Note 19)	17,824,131	11,115,707
Trade receivables (Note 17)	2,256,776	2,785,946
Other receivables (Note 17)	1,292,249	593,838
Due from related parties (Note 25)	381,944	427,643
	21,755,100	14,923,134

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available, and in some cases bank references.

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

More than 61% (2020: 77%) of the Company's customers have been transacting with the Company for over four (4) years, however, impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's distributors. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

The Company establishes an allowance for impairment at each reporting date using the expected credit losses. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This is based on groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The weighted average loss rate during the year was 0.09% (2020: 0.08%) for trade receivables from customers and 4.10% (2020: 5.52%) for related party receivables.

In computing the loss rate on trade receivables from customers and related parties, historical payment patterns and default rate was incorporated, together with current information as well as forward-looking macro economic factors such as inflation rate and GDP growth rate.

The impact of Covid-19 has also been incorporated in the forward looking information and has minimal effect on the trade receivables and related party receivable balance.

Notes to the financial statements (Continued)

26 Financial risk management and fair values (continued)

A Risk management framework (continued)

Trade receivables (Continued)

The Company does not have any significant concentration of credit risk.

The aging of trade receivables at the reporting date was:

Gross amount

In thousands of naira	2021	2020
Not past due 0 - 30 days	2,258,089	2,787,135
Past due 31 - 90 days	-	-
Past due 91 - 180 days	-	125
More than 180 days	-	-
	2,258,089	2,787,259

Impairment

In thousands of naira	2021	2020
Not past due 0-30 days	1,313	1,313
Past due 31 - 90 days	-	-
Past due 91 - 180 days	-	-
More than 180 days	-	-
	1,313	1,313

Carrying amount

In thousands of naira	2021	2020
Not past due 0-30 days	2,256,776	2,785,821
Past due 31 - 90 days	-	-
Past due 91 - 180 days	-	125
More than 180 days	-	-
	2,256,776	2,785,946

The aging of related parties receivables at the reporting date was:

Gross amount

In thousands of naira	2021	2020
Not past due 0 - 30 days	398,406	444,104
Past due 31 - 90 days	-	-
Past due 91 - 180 days	-	-
More than 180 days	-	-
	398,406	444,104

Impairment

In thousands of naira	2021	2020
Not past due 0-30 days	16,462	16,462
Past due 31 - 90 days	-	-
Past due 91 - 180 days	-	-
More than 180 days	-	-
	16,462	16,462

Carrying amount

In thousands of naira	2021	2020
Not past due 0-30 days	381,944	427,643
Past due 31 - 90 days	-	-
Past due 91 - 180 days	-	-
More than 180 days	-	-
	381,944	427,643

Movement in impairment provision

	2021	2020
At 1 January	17,775	30,622
Provision	-	-
Write-back of impairment for receivables	-	(12,847)
At 31 December	17,775	17,775

The analysis of impairment provision is as follows:

Impairment provision on trade receivables	1,313	1,313
Impairment provision on related party receivables	16,462	16,462
	17,775	17,775

Notes to the financial statements (Continued)

26 Financial risk management and fair values (Continued)

The credit quality of trade and other receivables is assessed based on a credit policy established by the Risk Management Committee. The Company has monitored customer credit risk, by grouping trade and other receivables based on their characteristics. An analysis of the credit quality of trade and other receivables not impaired is as follows:

Carrying amount

In thousands of naira	2021	2020
Four or more years trading history with the Company	1,611,691	2,156,636
Less than four years trading history with the Company	645,085	629,310
	2,256,776	2,785,946

Amounts determined to be uncollectible are written off after proper authorization. For debtors in bankruptcy, an allowance for the entire receivable is established and the adequacy of the allowance is reviewed at least quarterly.

The Company considers a trade receivable to be in default when contractual payments are over 365 days past due. However, in certain cases, the Company may also consider a receivable to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents:

The Company held cash and cash equivalents of N 17,824 million at 31 December 2021 (2020: N 11,116 million), which represents its maximum credit exposure on these assets. The expected credit loss on cash and cash equivalents was not recognised as it was immaterial.

An analysis of the long term credit ratings of counterparties where cash and cash equivalents are held was carried out using Fitch Rating scale. All counterparties are of good credit ratings as shown below:

In thousands of naira	2021	2020
A	2,211,080	4,612,367
B+	-	-
B	6,996,192	6,330,636
B-	8,616,859	172,703
	17,824,131	11,115,707

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's products are valued using the actual costs, which assist it in monitoring cash flow requirements and optimizing its cash return on investments. However, adjustments are made to align the costs recognised to the actual costs incurred during the period. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

At 31 December 2021, the expected cash flows from trade and other receivables maturing within two months were N 2,257 million (2020: N2,757 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Company maintains the following lines of credit:

- $22.2 Million Import finance facilities with two banks priced at an interest rate of LIBOR+6% and LIBOR+7% respectively to meet the importation needs of the Company (2020:US$22.2 Million). The facilities have a tenure of 365days that renews automatically at the option of the Company.

Analysis of non-derivative financial liabilities

In thousands of naira	2021	2020
Trade payables	9,448,729	4,407,205
Dividend payable	399,023	319,106
Accrued expenses	2,883,573	1,841,232
Due to related parties	4,291,059	3,477,440
Short/ long term bank liabilities	10,480,352	3,450,723
Lease liabilities	4,998	7,862
	27,507,734	13,503,568

Notes to the financial statements (Continued)

26 Financial risk management and fair values (Continued)

(c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) *Currency risk*

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company, primarily the US dollars (USD), Great British pounds (GBP) and Euro. The Company's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The summary quantitative data about the Company's exposure to currency risk as reported to the Management of the Company based on its risk management policy was as follows:

	2021	2020
	GBP	GBP
Trade payables**	(103,572)	(165,152)
	(103,572)	(165,152)

	2021	2020
	USD	USD
Trade receivables*	1,085,542	282,323
Cash and cash equivalent	1,152,774	677,256
Trade payables**	(10,201,056)	(2,335,994)
	(7,962,740)	(1,376,415)

	2021	2020
	EURO	EURO
Trade payables**	(4,262,006)	(1,436,369)

* This amount relates to receivables from intercompany partners for the sales of finished goods and also sales of Cocoa butter and cake to third party export customers.

** This amount relates to payments to intercompany partners on recharges and invoices for other services rendered to Cadbury Nigeria Plc as well as a number of other foreign suppliers.

The following significant exchange rates applied during the year:

	Average Rate	
Naira	2021	2020
GBP 1	563.24	488.66
USD 1	409.81	365.20
EURO1	483.32	415.47

	Reporting date spot rate	
Naira	2021	2020
GBP 1	574.87	543.83
USD 1	424.83	397.81
EURO1	483.03	485.97

(ii) *Sensitivity analysis*

A weakening of the naira, as indicated below, against the GBP or the USD would have decreased equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast sales and purchases.

31 December 2021

In thousands of naira	Equity	Profit/(loss)
GBP (10 percent weakening)	(5,954)	(5,954)
USD (10 percent weakening)	(338,279)	(338,279)
EURO (10 percent weakening)	(205,869)	(205,869)

Notes to the financial statements (Continued)

26 Financial risk management and fair values (Continued)

(ii) *Sensitivity analysis (continued)*

31 December 2020

In thousands of naira	Equity	Profit/(loss)
GBP (10 percent weakening)	(8,981)	(8,981)
USD (10 percent weakening)	(54,756)	(54,756)
EURO (10 percent weakening)	(69,803)	(69,803)

A strengthening of the naira against the above currencies at 31 December 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

In thousands of naira	2021	2020
Total debt	10,480,352	3,450,723
Less: Cash and Cash equivalents	(17,824,131)	(11,115,707)
	(7,343,779)	(7,664,984)
Total Equity	13,636,354	13,549,523
Net debt to equity ratio	(0.54)	(0.57)

There were no changes in the Company's approach to capital management during the year.

B *Fair values*

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in statement of financial position, are as follows:

Financial assets

	2021	2020
In thousands of naira	Carrying amount	Carrying amount
Financial assets at amortised cost		
Trade receivables	2,256,776	2,785,946
Other receivables	1,292,249	593,838
Due from related parties	381,944	427,643
Cash and cash equivalent	17,824,131	11,115,707
	21,755,100	14,923,134

Financial liabilities

	2021	2020
In thousands of naira	Carrying amount	Carrying amount
Trade payables	9,448,729	4,407,205
Dividend payable	399,023	319,106
Accrued expenses	2,883,573	1,841,232
Due to related parties	4,291,059	3,477,440
Trade and other payables	17,022,384	10,044,983
Lease liabilities	4,998	7,862
Short term bank liabilities	3,884,269	3,450,723
Long term intercompany liabilities	6,596,083	-
	27,507,734	13,503,568

Trade and other receivables, bank balances dividend payables and trade and other payables are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

Notes to the financial statements (Continued)

26 Financial risk management and fair values (Continued)

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2021

In thousands of naira	Carrying Amount	Contractual cash flows	12 months or less	Over 12 months
Trade and other payables	17,029,579	(17,029,579)	(17,029,579)	-
Lease liabilities	4,998	(4,998)	(108)	(4,890)
Short term bank liabilities	3,884,269	(3,884,269)	(3,884,269)	-
Long term intercompany liabilities	6,596,083	(6,596,083)	-	(6,596,083)
	27,514,929	(27,514,929)	(20,913,956)	(6,600,973)

31 December 2020

In thousands of naira	Carrying Amount	Contractual cash flows	12 months or less	Over 12 months
Trade and other payables	10,044,983	(10,044,983)	(10,044,983)	-
Lease liabilities	7,862	(7,862)	(995)	(6,867)
Short term bank liabilities	3,450,723	(3,450,723)	(3,450,723)	-
	13,503,568	(13,503,568)	(13,496,701)	(6,867)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27 Leases

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

a Right-of-use (ROU) Assets

In thousands of naira	2021 Building	2021 Total
Cost		
Balance at 1 January 2021	43,302	43,302
Additions	22,060	22,060
Adjustments	(20,301)	(20,301)
Balance at 31 December 2021	45,061	45,061
Balance at 1 January 2020	17,431	17,431
Additions	25,871	25,871
Balance at 31 December 2020	43,302	43,302
Accumulated depreciation		
Balance at 1 January 2021	28,180	28,180
Depreciation for the year	15,851	15,851
Adjustments	(20,301)	(20,301)
Balance at 31 December 2021	23,730	23,730
Accumulated depreciation		
Balance at 1 January 2020	11,533	11,533
Depreciation for the year	16,647	16,647
Balance at 31 December 2020	28,180	28,180
Carrying amounts		
At 31 December 2021	21,331	21,331
At 31 December 2020	15,122	15,122

Notes to the financial statements (Continued)

b Lease liabilities

	2021	2020
As at 1 January	7,862	6,363.13
Additions	22,060	25,871
Accretion of interest	1,046	1,201
Payments	(25,970)	(25,573)
As at 31 December	4,998	7,862
Current	108	995
Non-current	4,890	6,867
	4,998	7,862

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	15,851	16,647
Interest expense on lease liabilities	1,046	1,201
Expense relating to short-term leases (included in cost of sales)	58,050	25,549
Expense relating to leases of low-value assets (included in administrative expenses)	49,665	-
Total amount recognised in profit or loss	124,612	43,397

28 Contingent liabilities and commitments

The Company has no contingent liabilities (2020: Nil) arising from the period. In the opinion of the Directors and based on independent legal advice, the company is not expected to suffer any material loss at the end of the period. Accordingly, no provisions have been made in this regard.

29 Information on reportable segments

(i) Business segments

The Company has three reportable business segments summarized as follows:

Segment	Description
Refreshment Beverages	This includes the manufacturing and sale of Bournvita and Hot Chocolate.
Confectionary	This includes the manufacturing and sale of Tom Tom, Candy Caramel, Candy Coffee, Buttermint and Clorets.
Intermediate Cocoa Products	This includes the manufacturing and sale of cocoa powder, cocoa butter, cocoa liquor and cocoa cake.

Information regarding each reportable business segment is shown below:

Revenue

In thousands of naira	2021	2020
Refreshment Beverages	28,011,416	21,598,467
Confectionary	12,556,708	10,976,270
Intermediate cocoa products	1,803,910	2,832,586
	42,372,034	35,407,323

Depreciation, amortisation and impairment

In thousands of naira	2021	2020
Refreshment Beverages	911,589	973,273
Confectionary	408,639	494,614
Intermediate cocoa products	58,706	127,642
	1,378,934	1,595,530

Notes to the financial statements (Continued)

29 Information on reportable segments (Continued)

Net finance income

In thousands of naira	2021	2020
Refreshment Beverages	400,913	77,007
Confectionary	179,718	39,135
Intermediate cocoa products	25,818	10,099
	606,449	126,241

Profit before taxation

In thousands of naira	2021	2020
Refreshment Beverages	725,814	248,920
Confectionary	325,361	126,500
Intermediate cocoa products	46,742	32,645
Total per profit/loss account	1,097,917	408,065

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (the Board of Directors). Consequently, information on segment assets and liabilities has not been presented.

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.

All the Company’s assets are located in Nigeria.

(ii) Geographical segments

The Company has two reportable geographical segments summarised as follows:

Segment	Description
Domestic sales	This comprises sales within Nigeria.
Export sales	This comprises sales to countries outside of Nigeria mainly in Africa and Europe.

Information regarding the operations of each reportable geographical segment is shown below:

In thousands of naira	2021	2020
Domestic sales	40,268,116	32,293,934
Export sales	2,103,918	3,113,389
	42,372,034	35,407,323

30 Changes in presentation and classification

To enhance the comparability of information in the financial statements, changes were made to the presentation of certain comparative items.

31 Events after the reporting date

There are no significant subsequent events, which could have had a material effect on the Company's financial position as at 31 December 2021 and its operating results as at that date, that have not been adequately provided for or disclosed in the financial statements.

Other national disclosures

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Nigerian Stock Exchange 2015 (Issuers Rule), Cadbury Nigeria Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

Value added statement
for the year ended 31 December 2021

In thousands of naira	2021	%	2020	%
Revenue	42,372,034		35,407,323	
Interest income	856,025		127,442	
Other income	24,075		108,041	
Brought-in-materials and services				
-Local	(32,427,056)		(24,351,305)	
-Imported	(4,595,873)		(3,451,300)	
Value added	6,229,205	100	7,840,202	100
Applied as follows:				
Employees as salaries, wages and other staff costs	3,752,355	60	5,819,960	74
Providers of capital as interest on borrowings	-	-	-	-
Government as taxes	648,205	10	(523,762)	(7)
Retained in the business as:				
- Depreciation	1,339,690	22	1,519,985	19
- Amortisation	39,243	1	92,192	1
- To augment the reserves	449,712	7	931,827	12
Value added	6,229,205	100	7,840,202	100

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.

Five Year Financial Summary

In thousands of naira	2021	2020	2019	2018	2017
Statement of comprehensive income:					
Revenue	42,372,034	35,407,323	39,326,807	35,973,479	33,079,446
Profit before income tax	1,097,917	408,065	1,538,877	1,222,831	350,317
Income tax (expense)/credit	(648,205)	523,762	(468,032)	(399,746)	(50,319)
Profit for the year	449,712	931,827	1,070,845	823,085	299,998
Statement of financial position:					
Non-current assets	13,052,713	12,826,823	13,627,896	13,498,921	14,182,758
Current assets	30,635,578	20,383,861	15,174,042	14,029,119	14,240,363
	43,688,291	33,210,684	28,801,938	27,528,040	28,423,121
Funds employed:					
Share Capital	939,101	939,101	939,101	939,101	939,101
Share premium	272,344	272,344	272,344	272,344	272,344
Other reserves	3,436,348	3,436,348	3,436,348	3,436,348	3,436,348
Share based payment reserve	153,220	117,359	89,893	62,927	49,698
Retained earnings	8,835,341	8,784,371	8,828,549	7,965,426	7,045,300
Shareholders' fund	13,636,354	13,549,523	13,566,235	12,676,146	11,742,791
Current liabilities	22,024,707	14,474,694	9,901,393	10,085,404	12,529,585
Non-current liabilities	8,027,230	5,186,467	5,334,310	4,766,490	4,150,745
	43,688,291	33,210,684	28,801,938	27,528,040	28,423,121
Per share data:					
Basic earnings per share	24	50	57	44	16

Cadbury's Distributors

- A.D.Basharu & Sons Nig. Ltd.
- Asko Kem Global Limited
- Alyuhad-Hash Nigeria Limited
- Anazemma Global Enterprises Nig Ltd
- Aye-Tonis Stores
- Basnek Investment Nigeria Ltd
- Basrose Stores Ltd.
- BG Usman Limited
- C.I. Obioha & Sons Ltd.
- Chazek Company Nigeria Ltd.
- Cupa Dynamic Ventures
- Dynamic Edge Business Ventures
- E. H Okika Nigeria Limited
- Egap Glory Ventures
- Emmanuel Bakeries Limited
- F.M.Ige Mrs
- Fabeto And Company
- Fatarik Business Limited
- Fishmongers Ltd
- Franco International (West Africa) Limited
- Hamisu Investment Company
- Hammalat Business Ventures
- Happy Place International
- Iya Eskay Nig Ltd
- J.O. Adebiyi & Sons Nig. Ltd.
- Jives Nigeria Limited
- Kingrich Nigeria Limited
- Lawzion Merchandise Ent.
- M. Elejire & Sons Nig. Ltd.
- Maybat Intergrated Network Nig. Ltd.
- Mazafmini Depot Limited
- Mertesacker Nigeria Limited
- Metcalf's Properties
- Mofad Store Nigeria Limited
- Mosadosu Nigeria Ltd.
- Nna-Nna & Sons Nig. Ltd.
- Nze Sam and Associates Trading Company Nigeria Ltd
- Olayiwola Stores
- Ronkhalid Nig Ltd
- Roswill Enterprises Nigeria
- Rukbom Oluwakemi Nigeria Limited
- S.C. Okafor Nigeria Limited.
- Saheed Olayiwola And Sons Limited
- Sammani General Merchants Nig Ltd
- Samogy & Sons Enterprises
- Superbrandz Global Distribution Ltd
- Tijenny Global Resources Ltd.
- Tripple Olas Unique Ventures