DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31ST DECEMBER 2019

Dangote Cement Plc

31st December 2019

CONTENTS **PAGE**

CERTIFICATION PURSUANT TO SECTION 60 OF INVESTMENTS AND SECURITIES ACT (ISA) 2007

We have reviewed the consolidated and separate financial statements of Dangote Cement Plc and its subsidiaries (The Group) for the year ended 31st December, 2019.

Based on our knowledge, these consolidated and separate financial statements do not:

- contain any untrue statement of a material fact or;
- omit to state a material fact, which would make the statement misleading in light of the circumstances under which such statements were made.

The financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Group as of, and for the years presented in the consolidated and separate financial statements.

The Directors are responsible for establishing and maintaining internal controls,

We have:

- designed such internal controls to ensure that material information relating to the Group is made known to us by others within the Group, particularly during the year in which this report is being prepared;
- continuously evaluated the effectiveness of the Group and Company's internal controls and reported to the Board's Audit and Risk Management Committee on a quarterly basis;
- disclosed to the Audit Committee, any fraud whether or not material, that involved management or other employees who have significant role in the company's internal controls.

Aliko Dangote,GCON	**Michel Puchercos**	**Guillaume Moyen**
Chairman, Board of Directors	Group Chief Executive Officer/GMD	Acting Group Chief Finance Officer
FRC/2013/IODN/00000001766	FRC/2017/IODN/00000015919	FRC/2019/001/00000020239

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

The Directors of Dangote Cement Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and company as at 31st December 2019, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, No 6, 2011.

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

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

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and company, and which enable them to ensure that the financial statements of the Group and company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and company; and
- preventing and detecting fraud and other irregularities.

- The directors have assessed the Group's ability to continue as a going concern and have no reason to believe the Group will not remain as a going concern in the year ahead.

The consolidated and separate financial statements of the Group and company for the year ended 31st December 2019 were approved by the directors on 25th February 2020.

On behalf of the Directors

Aliko Dangote,GCON
Chairman

Michel Puchercos
Group Chief Executive Officer/Group Managing Director

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INDEPENDENT JOINT AUDITORS' REPORT
To the Shareholders of Dangote Cement Plc
Report on the audit of the Consolidated and Separate Financial Statements

Opinion
We have audited the accompanying consolidated and separate financial statements of Dangote Cement Plc ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statement of financial position as at 31 December 2019, the consolidated and separate statements of profit or loss, comprehensive income, changes in equity, cash flows for the year then ended, the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Dangote Cement Plc as at 31 December 2019 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report. The key audit matter below relate to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
Complexity of Multi-jurisdictional operations	
The Group operates in multiple jurisdictions, exposing it to a variety of different laws and regulations, and interpretations thereof. The nature of its business subjects it to regulations by various authorities across the jurisdictions in which it operates. These regulations include taxation, environmental and company laws and give rise to complexity and uncertainty in respect of general compliance. Due to their significance in quantitative and qualitative terms for tax provisions and other regulatory compliance requirements respectively to the Group financial statements as a whole, combined with the judgement and estimation required to determine the current and deferred tax balances. As disclosed in notes 4.2.2, 14 and 18 to the financial statements, this is considered to be a key audit matter in view of its significance.	We performed an assessment of the material components impacting the Group's tax expense, balances and exposures, including those with material regulatory compliance requirements. We reviewed and challenged the information reported by subsidiaries with the support of local auditors and tax specialists, where appropriate. With the support of our tax specialists at Group level, we verified the consolidation and analysis of tax balances, expense and disclosures. We assessed at each component, the material compliance requirements with respect to local laws and regulations. This was assessed by the local auditors with knowledge of the local laws and regulations affecting the entity. We reviewed internal reports and performed procedures to identify actual and potential non-compliance with laws and regulations specific to the Group business. Based on the procedures performed above, we believe that the tax balances were properly measured and disclosed. We also noted no exception from our review of other regulatory compliance requirements.

Other Information

The directors are responsible for the other information. The other information comprises the directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate 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 CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors 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 the audit committee and directors 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 the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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 benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

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

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

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

Abraham Udenani, FCA
FRC/2013/ICAN/00000000853
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
26 February, 2020

Olukayode Lawal, FCA
FRC/ 2013/ICAN/00000000748
For: **Ahmed Zakari & Co**
Chartered Accountants
Lagos, Nigeria
26 February, 2020

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2019

		Group		Company	
	Notes	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Revenue	5	891,671	901,213	610,247	618,301
Production cost of sales	7	(379,989)	(383,311)	(181,009)	(170,288)
Gross profit		**511,682**	**517,902**	**429,238**	**448,013**
Administrative expenses	8	(54,124)	(52,501)	(27,400)	(27,108)
Selling and distribution expenses	9	(160,645)	(136,925)	(109,186)	(89,278)
Other income	11	2,980	10,222	1,247	3,783
Profit from operating activities		**299,893**	**338,698**	**293,899**	**335,410**
Finance income - interest	10	7,610	11,323	36,713	37,705
Finance income - others	10	-	-	10,845	41,673
Finance costs	10	(57,673)	(49,778)	(26,037)	(22,565)
Share of profit from associate	18.3	649	563	-	-
Profit before tax		**250,479**	**300,806**	**315,420**	**392,223**
Income tax (expense)/credit	14	(49,958)	89,519	(54,071)	89,233
Profit for the year		**200,521**	**390,325**	**261,349**	**481,456**
Profit for the year attributable to:					
Owners of the Company		200,935	388,983	261,349	481,456
Non-controlling Interests		(414)	1,342	-	-
		200,521	**390,325**	**261,349**	**481,456**
Earnings per share, basic and diluted (Naira)	13	**11.79**	**22.83**	**15.34**	**28.25**

The accompanying notes on pages 16 to 76 and other national disclosures on pages 77 to 79 form an integral part of these consolidated and separate financial statements.

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Group		Company	
	Year ended 31/12/19 ₦'million	**Year ended 31/12/18 ₦'million**	**Year ended 31/12/19 ₦'million**	**Year ended 31/12/18 ₦'million**
Profit for the year	**200,521**	**390,325**	**261,349**	**481,456**
Other comprehensive income, net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating net investments in foreign operations	(16,412)	(6,147)	-	-
Other comprehensive (loss)/income for the year, net of income tax	(16,412)	(6,147)	-	-
Total comprehensive income for the year	**184,109**	**384,178**	**261,349**	**481,456**
Total comprehensive income for the year attributable to:				
Owners of the Company	184,304	386,147	261,349	481,456
Non-Controlling Interests	(195)	(1,969)	-	-
	184,109	**384,178**	**261,349**	**481,456**

The accompanying notes on pages 16 to 76 and other national disclosures on pages 77 to 79 form an integral part of these consolidated and separate financial statements.

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2019

		Group		Company	
	Notes	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Assets					
Non-current assets					
Property, plant and equipment	15	1,206,749	1,171,864	545,834	535,934
Intangible assets	16	3,663	5,969	69	48
Right of use assets	17	11,956	-	994	-
Investments in subsidiaries	18.2	-	-	162,071	162,071
Investment in associate	18.3	4,961	4,312	1,582	1,582
Finance lease receivables	22	11,285	6,475	11,285	6,475
Deferred tax asset	14.3	44,768	40,622	14,356	14,561
Prepayments for property, plant & equipment	19.1	51,233	36,383	5,690	-
Other receivables	31	-	-	663,113	560,277
Total non-current assets		**1,334,615**	**1,265,625**	**1,404,994**	**1,280,948**
Current assets					
Inventories	20	114,806	106,998	67,736	59,820
Trade and other receivables	21	30,001	44,468	11,608	11,046
Prepayments and other current assets	19.2	127,042	101,883	272,881	252,589
Finance lease receivables	22	4,266	2,380	4,266	2,380
Current income tax receivables	14.2	6,718	6,213	6,712	6,211
Cash and bank balances	32	123,903	166,896	55,787	108,980
Total current assets		**406,736**	**428,838**	**418,990**	**441,026**
Total assets		**1,741,351**	**1,694,463**	**1,823,984**	**1,721,974**
Liabilities					
Current liabilities					
Trade and other payables	25	284,739	230,970	129,847	92,879
Lease liabilities	33	1,409	-	-	-
Current income tax payable	14.2	49,932	9,223	49,127	8,608
Financial liabilities	26	260,631	220,128	200,866	145,436
Other current liabilities	27.2	34,083	35,185	30,735	37,836
Total current liabilities		**630,794**	**495,506**	**410,575**	**284,759**
Non-current liabilities					
Deferred tax liabilities	14.3	93,841	83,350	89,473	80,033
Financial liabilities	26	107,279	125,725	39,700	62,168
Lease liabilities	33	7,447	-	-	-
Long term provisions and other charges	28	3,684	2,753	1,950	1,310
Deferred revenue	27.1	369	516	37	156
Total non-current liabilities		**212,620**	**212,344**	**131,160**	**143,667**
Total liabilities		**843,414**	**707,850**	**541,735**	**428,426**
Net assets		**897,937**	**986,613**	**1,282,249**	**1,293,548**
Equity					
Share capital	23.1	8,520	8,520	8,520	8,520
Share premium	23.1	42,430	42,430	42,430	42,430
Capital contribution	23.4	2,877	2,877	2,828	2,828
Currency translation reserve	23.3	55,974	72,605	-	-
Retained earnings		776,839	848,695	1,228,471	1,239,770
Equity attributable to owners of the company		886,640	975,127	1,282,249	1,293,548
Non-controlling interest		11,297	11,486	-	-
Total equity		**897,937**	**986,613**	**1,282,249**	**1,293,548**
Total equity and liabilities		**1,741,351**	**1,694,463**	**1,823,984**	**1,721,974**

The accompanying notes on pages 16 to 76 and other national disclosures on pages 77 to 79 form an integral part of these consolidated and separate financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on the 25th February, 2020 and were signed on its behalf by:

Aliko Dangote,GCON
Chairman, Board of Directors
FRC/2013/IODN/00000001766

Michel Puchercos
Group Chief Executive Officer/GMD
FRC/2017/IODN/00000015919

Guillaume Moyen
Acting Group Chief Finance Officer
FRC/2019/001/00000020239

DANGOTE CEMENT PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2019

Group	Share capital	Share premium	Retained earnings	Currency translation reserve	Capital contribution	Attributable to the owners of the parent	Non-Controlling Interests	Total equity
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Balance as at 1st January 2018	**8,520**	**42,430**	**639,462**	**75,441**	**2,877**	**768,730**	**12,630**	**781,360**
Profit for the year	-	-	388,983	-	-	**388,983**	1,342	**390,325**
Other comprehensive income for the year, net of income tax (tax nil)	-	-	-	(2,836)	-	**(2,836)**	(3,311)	**(6,147)**
Total comprehensive income for the year	-	-	388,983	(2,836)	-	**386,147**	(1,969)	384,178
Effect of changes in subsidiary shareholding	-	-	(825)	-	-	**(825)**	825	-
Dividends paid	-	-	(178,925)	-	-	**(178,925)**	-	**(178,925)**
Balance as at 31st December 2018	**8,520**	**42,430**	**848,695**	**72,605**	**2,877**	**975,127**	**11,486**	**986,613**
Profit for the year	-	-	200,935	-	-	**200,935**	(414)	**200,521**
Other comprehensive income for the year, net of income tax (tax nil)	-	-	-	(16,631)	-	**(16,631)**	219	**(16,412)**
Total comprehensive income for the year	-	-	200,935	(16,631)	-	**184,304**	(195)	**184,109**
Dividends paid	-	-	(272,648)	-	-	**(272,648)**	(137)	**(272,785)**
Effect of changes in subsidiary shareholding	-	-	(143)	-	-	**(143)**	143	-
Balance as at 31st December 2019	**8,520**	**42,430**	**776,839**	**55,974**	**2,877**	**886,640**	**11,297**	**897,937**

DANGOTE CEMENT PLC

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2019

Company	**Share capital**	**Share premium**	**Capital contribution**	**Retained earnings**	**Total equity**
	₦'million	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Balance as at 1st January 2018	**8,520**	**42,430**	**2,828**	**937,239**	**991,017**
Profit for the year	-	-	-	481,456	**481,456**
Other comprehensive income for the year, net of income tax (tax nil)	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	481,456	**481,456**
Dividends paid	**-**	**-**	**-**	(178,925)	**(178,925)**
Balance as at 31st December 2018	**8,520**	**42,430**	**2,828**	**1,239,770**	**1,293,548**
Profit for the year	-	-	-	261,349	**261,349**
Other comprehensive income for the year, net of income tax (tax nil)	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	261,349	**261,349**
Dividends paid	**-**	**-**	**-**	(272,648)	**(272,648)**
Balance as at 31st December 2019	**8,520**	**42,430**	**2,828**	**1,228,471**	**1,282,249**

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	Group		Company	
		Year ended 31/12/19 ₦'million	**Year ended 31/12/18 ₦'million**	**Year ended 31/12/19 ₦'million**	**Year ended 31/12/18 ₦'million**
Cash flows from operating activities					
Profit before tax		250,479	300,806	315,420	392,223
Adjustments for:					
Depreciation & amortisation	15, 16 & 17	95,463	96,203	53,454	51,809
Write off and impairment of property, plant and equipment		71	360	37	-
Interest expense	10	43,829	41,413	25,701	22,312
Interest income	10	(7,610)	(11,323)	(36,713)	(37,705)
Net exchange loss/(gain) on borrowings and non-operating assets		9,841	(1,970)	(12,178)	(50,399)
Share of income from associate		(649)	(563)	-	-
Amortisation of deferred revenue	27	(227)	(306)	(199)	(274)
Other provisions		931	(663)	640	(763)
Loss on disposal of property, plant and equipment		130	459	47	5
		392,258	424,416	346,209	377,208
Changes in working capital:					
Change in inventories		(7,942)	(11,997)	(7,916)	3,119
Change in trade and other receivables		14,467	(13,957)	(562)	2,471
Change in trade and other payables		68,618	(18,860)	37,465	(32,987)
Change in prepayments and other current assets		(27,159)	8,996	(22,600)	1,764
Change in other current liabilities		(13,593)	(5,594)	(19,272)	(7,605)
		426,649	383,004	333,324	343,970
Receipt from customers for finance lease trucks		4,067	3,507	4,067	3,507
Income tax paid	14.2	(4,601)	(11,163)	(3,907)	(10,291)
Net cash generated from operating activities		**426,115**	**375,348**	**333,484**	**337,186**
Cash flows from Investing activities					
Interest received		6,460	9,974	2,812	6,475
Acquisition of intangible assets	16	(220)	(796)	(43)	(27)
(Increase)/decrease in receivables from subsidiaries		-	-	(58,006)	(38,870)
Acquisition of investment		-	-	-	(8)
Acquisition of property, plant and equipment		(177,042)	(131,045)	(68,982)	(61,716)
Additions to property, plant and equipment	15	(174,952)	(88,623)	(63,050)	(42,145)
Change in non-current prepayment		10,593	(17,307)	(5,690)	1,600
Net suppliers' credit repaid		(12,683)	(25,115)	(242)	(21,171)
Net cash used in investing activities		**(170,802)**	**(121,867)**	**(124,219)**	**(94,146)**
Cashflows from Financing activities					
Interest paid		(34,842)	(45,782)	(17,460)	(27,486)
Lease payment		(967)	-	(149)	-
Dividends paid		(272,785)	(178,925)	(272,648)	(178,925)
Loans obtained		406,933	215,052	402,478	197,717
Loans repaid		(393,443)	(247,399)	(374,679)	(227,834)
Net cash used in financing activities		**(295,104)**	**(257,054)**	**(262,458)**	**(236,528)**
(Decrease)/Increase in cash and cash equivalents		(39,791)	(3,573)	(53,193)	6,512
Effects of exchange rate changes		(7,144)	844	-	-
Cash and cash equivalents at beginning of year		159,026	161,755	108,980	102,468
Cash and cash equivalents at end of year	**32.1**	**112,091**	**159,026**	**55,787**	**108,980**

The accompanying notes on pages 16 to 76 and other national disclosures on pages 77 to 79 form an integral part of these consolidated and separate financial statements.

1. General Information

Dangote Cement Plc ("the Company") was incorporated in Nigeria as a public limited liability company on 4th November, 1992 and commenced operations in January 2007 under the name Obajana Cement Plc. The name was changed on 14th July 2010 to Dangote Cement Plc.

Its parent company is Dangote Industries Limited ("DIL" or "the Parent Company"). Its ultimate controlling party is Aliko Dangote.

The registered address of the Company is located at 1 Alfred Rewane Road, Ikoyi, Lagos, Nigeria.

The principal activity of the Company and its subsidiaries (together referred to as "the Group") is to operate plants for the preparation, manufacture and distribution of cement and related products. The Company's production activities are currently undertaken at Obajana town in Kogi State, Gboko in Benue State and Ibese in Ogun State; all in Nigeria. Information in respect of the subsidiaries' locations is disclosed in Note 18.

The consolidated financial statements for the year ended 31st December 2019 comprise the results and the financial position of the Company and its subsidiaries.

The separate financial statements of the Company for the year ended 31st December 2019 comprise those of the Company only.

2. Significant accounting policies

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

2.1.1 Statement of compliance

The Group and Company's full financial statements for the year ended 31st December 2019 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together “IFRS”) that are effective at 31st December 2019 and requirements of the Companies and Allied Matters Act (CAMA) 2004 of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria.

2.1.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2.2.1 Basis of Consolidation

The Group financial statements incorporate the financial statements of the Parent Company and entities controlled by the Company and its subsidiaries made up to 31st December 2019. Control is achieved where the investor; (i) has power over the investee entity (ii) is exposed, or has rights, to variable returns from the investee entity as a result of its involvement, and (iii) can exercise some power over the investee to affect its returns.

The Company reassesses whether or not it still controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners’ of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries

In the Company’s separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss.

2. Significant accounting policies continued

2.2.2 Transactions eliminated on consolidation

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.2.3 Interest in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

2. Significant accounting policies continued

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the separate financial statements for the parent company, investments in associates are recognised at cost less accumulated impairment.

2.3 Non-controlling interest

Non-controlling interest is the equity in a subsidiary or entity controlled by the Company, not attributable, directly or indirectly, to the parent company and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Total comprehensive income attributable to non-controlling interests is presented on the line “Non-controlling interests” in the statement of financial position, even if it creates negative non-controlling interests.

2.4 Acquisition of entities under common control

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

2.4.1 Changes in the Group’s ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Revenue

The Group recognises revenue from the sale of cement and related products. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of products to the customers.

2.5.1 Sale of cement and related products

The Group sells cement and related producst both to distributors and directly to end user customers through its plants and depots.

2. Significant accounting policies continued

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

For sales of goods to end user customers, revenue is recognised when control of the goods has transferred, being at the point the customer lifts the goods from our factories if it's self collection or at the point at which the goods are delivered if the agreement is for the Group to deliver. Payment for the transaction price is done by the time goods are collected otherwise a receivable is recognised at that point.

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

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

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

2.7 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest rate used to determine the amount of capitalized interest cost is the actual interest rate when there is a specific borrowing facility related to construction project or the Group’s average borrowing interest rate. Borrowing costs relating to the period after acquisition, construction or production are expensed. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The borrowing costs capitalised may not exceed the actual interest incurred by the Group.

2.8 Foreign currency

2.8.1 Functional and presentation currency

These consolidated and separate financial statements are presented in the Nigerian Naira (₦), which is the Company’s functional currency. All financial information presented in Naira has been rounded to the nearest million unless where otherwise stated.

2.8.2 Foreign currency transactions

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

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

2. Significant accounting policies continued

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the subsidiaries.

2.8.3 Foreign operations

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

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

2.9 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the assets. Property, plant and machinery under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including borrowing costs on qualifying assets in accordance with the Group's accounting policy and the estimated costs of dismantling and removing the items and restoring the site on which they are located if the Group has a legal or constructive obligation to do so.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives and are individually significant in relation to total cost of an item, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component 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 benefit embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of day to day servicing of the property plant and equipment is recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. Significant accounting policies continued

2.9.1 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value (except for freehold land and assets under construction). Depreciation is recognized within “Cost of sales” and “Administrative and selling expenses,” depending on the utilization of the respective assets on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term in which case the assets are depreciated over their useful life on the same basis as owned assets. Strategic spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalised and depreciated over the shorter of their useful life and the remaining life of the plant from the date such strategic spare parts are capable of being used for their intended use.

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of plant are charged to profit or loss on consumption or as incurred respectively.

	Life (years)
Leasehold land improvement	Over the lease period
Freehold land	Not depreciated
Buildings	25 – 50
Plant and machinery	10 - 25
Power plants	5 – 25
Cement plants	5 – 25
Motor vehicles	4 – 6
Computer hardware	3
Furniture and equipment	5
Aircraft and related components	5 – 25

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

2.10 Intangible assets

In accordance with criteria set out in IAS 38 – “Intangible assets”, intangible assets are recognised only if identifiable; controlled by the entity because of past events; it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets primarily include amortizable items such as software, mineral rights, as well as certain development costs that meet the IAS 38 criteria.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives ranging from two to seven years. Amortization expense is recorded in “Cost of sales” and “Selling and distribution expenses” or administrative expenses, based on the function of the underlying assets. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination.

Exploration assets are amortised over a period of 30 years in line with the estimates lives of the mines.

2. Significant accounting policies continued

2.10.1 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.10.2 Derecognition of intangible assets

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

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined as follows:

Raw Materials

Raw Materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using a weighted average cost basis.

Work in progress

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

Finished goods

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

Spare parts and consumables

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

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised in the consolidated and separate statements of financial position when a member of the Group or the Company becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

2. Significant accounting policies continued

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount except for financial instruments at fair value through profit or loss. For financial instruments classified as Fair Value Through Profit or Loss (FVTPL) transaction costs incurred are recognized in profit or loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned. The Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option).

2.12.1 Financial Assets

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

•• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

•• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

•• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

•• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not have debt instruments that are measured subsequently at fair value through profit or loss (FVTPL) or (FVTOCI).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

•• the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

•• the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

2.12.2 Cash and cash equivalents

The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.12.3 Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

•• it has been acquired principally for the purpose of selling it in the near term; or

•• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

•• it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘finance income’ line item (note 10) in profit or loss.

2. Significant accounting policies continued

2.12.4 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.12.5 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a member of the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.12.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

2.12.7 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Group does not hold financial liabilities measured at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

2.12.8 De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.12.9 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12.10 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition

2. Significant accounting policies continued

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (note 10).

2.13 Impairment

2.13.1 Financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

2. Significant accounting policies continued

•• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
•• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
•• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
•• an actual or expected significant deterioration in the operating results of the debtor;
•• significant increases in credit risk on other financial instruments of the same debtor;
•• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:
(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:
•• when there is a breach of financial covenants by the debtor; or
•• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).
Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

2. Significant accounting policies continued

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner unless in case where there is sufficient security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

2.13.2 Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the Profit or loss.

2.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.14.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies continued

2.14.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is not recognized for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and (iii) differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.14.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2. Significant accounting policies continued

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The total of the government grant is recognised as deferred revenue on the statement of financial position and is recognised in profit or loss over the period the related expenditure is incurred.

Export Expansion Grant (EEG) is recognised upon confirmation of the Group's eligibility by the relevant government departments.

2.16 Employee benefits

2.16.1 Short term employee benefits

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

2.16.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.17.1 Restoration costs

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

2.18 Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

2.19 Earnings per share

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

2. Significant accounting policies continued

Diluted earnings per share are computed by dividing adjusted net income available to shareholders of the Company by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares. The Group does not have any dilutive instruments.

2.20 Leases

Leases – as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2. Significant accounting policies continued

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the nonlease components.

Leases – as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3 Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting periods that begin on or after 1st January 2019.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. However, there are additional disclosures required. Please see note 22.

The Group has applied IFRS 16 using the cumulative catch up method with no restatement of the comparative information.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019.

Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for leases , the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

The adoption of IFRS 16 resulted in Right of use assets recognised for the Group amounting to ₦10,543 billion (Company: ₦1,499 billion), see note 17. Furthermore, lease liability of ₦8.856 billion was recognised at 31st December 2019, see note 33. There was no impact on the net cashflows, however lease payments were reclassified to the Financing section of the Statement of Cashflows. There was no material impact on equity.

Amendments to IFRS 9- Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the ‘solely payments of principal and interest’ (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI. This did not have any impact as the Group does not have such contracts

3 Application of new and revised International Financial Reporting Standards (IFRSs) continued

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The Group has one associate with no such long term interests that are part of the net investments hence no impact on the Group's Financial Statement

IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

DCP hasn't received any dividends from subsidiaries or the associate while the dividend that has been paid in Nigeria is exempt from tax hence no impact from this amendment

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not have specific borrowings outstanding from a completed asset, hence this does not have material impact on the Group.

IFRS 3 Business Combinations

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

The Group did not enter into any business combination in the current and prior year hence no impact.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

The Group does not have any joint arrangements so no impact from this amendment.

3 Application of new and revised International Financial Reporting Standards (IFRSs) continued

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset).

The Group does not have such employee benefits so no material impact.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

• determine whether uncertain tax positions are assessed separately or as a group; and

• assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed t be used, by an entity in its income tax filings: If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

The Group has followed the approach to be used in the filed returns so no material impact from this amendment.

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued

3.2 New and revised IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

IFRS 17 Insurance Contracts
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 implementation of the Standard is unlikely to bring significant changes entity's processes, systems and financial statements as the Group does not hold insurance contracts.
The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business
The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

3 Application of new and revised International Financial Reporting Standards (IFRSs) continued

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. The amendments could have material impact should such transactions occur in the future.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted. The directora do not anticipate this to have material impact on the Financial Statements

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted. The directora do not anticipate this to have material impact on the Financial Statements

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, 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. The management of the Group revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the consolidated and separate financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the consolidated and separate financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

4.1 Critical accounting judgements

4.1.1 Control over subsidiaries

Note 17 describes that Dangote Quarries Zambia Limited is a subsidiary of the Group although the Group only holds a 49.9% ownership interest in Dangote Quarries Zambia Limited. Based on the arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Dangote Quarries Zambia Limited that has the power to direct the relevant activities of this entity. Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Dangote Quarries Zambia and hence the Group has control over the entity.

4.1.2 Tax Holiday

The Directors of the Company have assessed whether the operations in Ibese production lines 3 & 4 and Obajana production line 4 are entitled to tax relief under the Pioneer Status Incentive (PSI). These production lines have already received Nigerian Investment Promotion Commission (NIPC) approval for the initial three years' tax holiday and the Company has applied for additional two years extension. While approval has been confirmed, we are yet to get certificate. The Directors' strong view, supported by historical practise, is that the Company has complied in full with the requirements of the Pioneer Status Incentive and is entitled to the two years extension. The tax benefit taken on the basis that the Company is entitled to two years extension under the Pioneer Incentive Scheme is ₦54.6 billion

4.2 Key sources of estimation uncertainty

4.2.1 Estimated useful lives and residual values of property, plant and

The Group's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31st December 2019 and no adjustments done to the the remaining useful lives of assets.

4.2.2 Valuation of deferred tax

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The availability of future taxable profits depends on several factors including the Group's future financial performance and if necessary, implementation of tax planning strategies.

	Group		Company	
5 Revenue (Tonnes)	**2019 '000 tonnes**	**2018 '000 tonnes**	**2019 '000 tonnes**	**2018 '000 tonnes**
Cement production and bagging capacity(for the year)	45,550	45,550	29,250	29,250
Cement production volume	22,809	22,798	14,119	14,280
Trade cement purchase	516	877	-	-
Decrease/(increase) in stock of cement	241	(140)	-	(102)
Cement sales volume	23,566	23,535	14,119	14,178

	Group		Company	
	Year ended 31/12/19 ₦'million	**Year ended 31/12/18 ₦'million**	**Year ended 31/12/19 ₦'million**	**Year ended 31/12/18 ₦'million**
Revenue				
Revenue from sales of cement	889,359	900,927	610,247	618,301
Revenue from sales of other products	2,312	286	-	-
	891,671	**901,213**	**610,247**	**618,301**

Revenue after adjusting intra-group sales as shown above are from external customers

5.1 Information about major customers

Included in revenue arising from direct sales of cement of ₦889.4.billion (2018: ₦900.9 billion) is revenue of approximately ₦29.09 billion (2018: ₦31.61 billion) which arose from sales to the Group's largest customer.

No single customer contributed 10% or more to the Group's revenue for both 2019 and 2018 financial years.

6 Segment information

6.1 Products and services from which reportable segments derive their revenue

The Executive Management Committee is the Company’s Chief Operating Decision Maker. Management has determined operating segments based on the information reported and reviewed by the Executive Management Committee for the purposes of allocating resources and assessing performance. The Executive Management Committee reviews internal management reports on at least a quarterly basis. These internal reports are prepared on the same basis as the accompanying consolidated and separate financial statements.

Segment information is presented in respect of the Group’s reportable segments. For management purposes, the Group is organised into business units by geographical areas in which the Company operates. The Group has 2 reportable segments based on location of the principal operations as follows:

• Nigeria
• Pan Africa

6.2 Segment revenue and results

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment. Performance is measured based on segment sales revenue, earnings before interest, tax,depreciation and amortisation (EBITDA) and profit from operating activities, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment revenue and operating profit are used to measure performance as management believes that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within the industry.

6 Segment information continued

2019

Segment Results	**Nigeria**	**Pan Africa**	**Central Administrative costs**	**Eliminations**	**Total**
	₦'million	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Revenue	610,247	282,710	-	(1,286)	891,671
EBITDA*	361,204	47,858	(13,635)	-	395,427
Depreciation, amortisation and Impairment	53,491	43,835	-	(1,792)	95,534
Operating profit/(loss)	307,713	4,023	(13,635)	1,792	299,893
Other income	1,247	1,733	-	-	2,980
Finance income	47,558	3,648	-	(43,596)	7,610
Finance costs	26,037	97,077	-	(65,441)	57,673
Profit/(loss) after tax	275,154	(85,293)	(13,635)	24,295	200,521

* represents earnings before interest, taxes, depreciation, amortisation & impairment

Segment Assets & Liabilities					
Non-current assets	1,521,744	663,153	-	(850,282)	1,334,615
Current assets	418,989	180,599	-	(192,852)	406,736
Total Assets	1,940,733	843,752	-	(1,043,134)	1,741,351
Segment liabilities	660,360	1,035,922	-	(852,868)	843,414
Net additions to non-current assets, excluding deferred tax	192,461	(25,970)	-	(101,647)	64,844

2018

Segment Results	**Nigeria**	**Pan Africa**	**Central Administrative costs**	**Eliminations**	**Total**
	₦'million	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Revenue	618,301	283,262	-	(350)	901,213
EBITDA*	397,377	49,062	(11,178)	-	435,261
Depreciation & amortisation	51,809	46,568	-	(1,814)	96,563
Operating profit/(loss)	345,568	2,494	(11,178)	1,814	338,698
Other Income	3,783	6,439	-	-	10,222
Finance income	79,378	3,740	-	(71,795)	11,323
Finance costs	22,565	94,980	-	(67,767)	49,778
Profit/(loss) after tax	491,615	(87,899)	(11,178)	(2,213)	390,325

* represents earnings before interest, taxes, depreciation & amortisation

Segment Assets & Liabilities					
Non-current assets	1,329,488	684,772	-	(748,635)	1,265,625
Current assets	441,025	180,507	-	(192,694)	428,838
Total Assets	1,770,513	865,279	-	(941,329)	1,694,463
Segment liabilities	478,753	979,835	-	(750,738)	707,850
Net additions to non-current assets, excluding deferred tax	108,503	(6,324)	-	(102,135)	44

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Each segment bears its administrative costs and there are no allocations from central administration. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance. Group financing (including finance income and finance costs) and income taxes are managed at an individual company level.

6 **Segment information** continued

A reconciliation of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is presented below:

	Group	
	Year ended 31/12/19 ₦'million	**Year ended 31/12/18 ₦'million**
EBITDA	395,427	435,261
Depreciation and amortisation and impairment	(95,534)	(96,563)
Profit from operating activities	299,893	338,698
Finance income	7,610	11,323
Finance cost	(57,673)	(49,778)
Share of profit from associates	649	563
Profit before tax	250,479	300,806
Income tax credit/(expense)	(49,958)	89,519
Profit after tax	200,521	390,325

Significant non current assets by country excluding deferred tax	**2019 ₦'million**	**2018 ₦'million**
Nigeria	1,507,388	1,314,927
South Africa	62,513	64,034
Senegal	81,317	85,664
Zambia	62,486	75,774
Ethiopia	72,646	87,506
Tanzania	160,216	149,635
Congo	93,459	97,194
Cameroon	40,582	39,867
Ghana	12,263	13,129
Sierra Leone	14,974	16,725
Cote d'ivoire	28,232	22,489

Significant revenue by country (external customers)

Nigeria	610,247	617,951
Ghana	18,335	25,372
South Africa	46,372	58,993
Ethiopia	53,891	51,427
Zambia	24,670	33,121
Tanzania	38,539	19,473
Senegal	38,304	34,986
Cameroon	45,675	48,709
Sierra Leone	7,880	3,658
Congo	7,658	7,519

Revenues are attributed to individual countries based on the geographical location of external customers.

6.3 **Eliminations and Adjustments**

Elimination and Adjustments relate to the following:
• Profit/(loss) after tax of ₦24.3 billion (2018: ₦2.2 billion) is due to elimination of interest on inter-company loan, trading activities and exchange differences reclassified to other comprehensive income.
• Non-current assets of ₦850.3 billion (2018: ₦748.6 billion) is due to the elimination of investment in subsidiaries with the parent's share of their equity and non current inter-company payable and receivable balances.
• Current assets of ₦192.9 billion (2018: ₦192.7 billion) is due to the elimination of current inter-company payable and receivable balances.
• Total liabilities of ₦852.9 billion (2018: ₦750.7 billion) are due to the elimination of inter-company due to and due from subsidiaries.
• Finance income of N43.6 billion (2018: ₦71.8 billion) and finance cost of ₦65.4 billion (2018: ₦67.8 billion) is due to the elimination of interest on inter-company loan and exchange differences reclassified to other comprehensive income.
• Revenue of ₦1,286 million (2018: ₦350 million) represents sales between entities within the Pan Africa region while 2018 amount represents sales by the Nigeria region to the Pan Africa region.
In addition to the depreciation and amortisation reported above, a sum of ₦71 million (2018: ₦360 million) in the financial statements represents write off/impairment in respect of property, plant and equipment.

7. Production cost of sales

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Material consumed	117,239	122,581	40,308	36,173
Fuel & power consumed	122,851	133,528	69,901	71,814
Royalty	1,817	1,134	712	677
Salaries and related staff costs	32,955	31,557	17,605	16,593
Depreciation & amortization	65,254	64,544	36,593	34,237
Plant maintenance	28,766	29,562	10,954	8,149
Other production expenses	7,750	9,199	4,042	4,197
Decrease/(Increase) in finished goods and work in progress	3,357	(8,794)	894	(1,552)
	379,989	**383,311**	**181,009**	**170,288**

Royalty payable is charged based on volume of extraction made during the year.

8. Administrative expenses

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Salaries and related staff costs	12,853	11,323	6,797	5,341
Corporate social responsibility	2,572	2,260	2,185	1,446
Management fee (refer to (a) below)	3,997	3,627	3,997	3,627
Depreciation and amortisation	6,359	6,087	2,377	2,209
Auditors' remuneration (refer to (b) below)	561	539	319	293
Directors' remuneration	841	1,116	822	1,116
Rent, rate and insurance	6,578	5,341	1,756	2,069
Repairs and maintenance	1,637	1,528	1,297	1,130
Travel expenses	2,445	2,996	973	1,461
Bank charges	1,948	2,205	569	1,049
Professional and consultancy fees	2,607	2,650	1,456	1,841
General administrative expenses	5,974	7,883	2,479	3,909
Others	5,681	4,586	2,336	1,617
Write off and impairment of property, plant and equipment	71	360	37	-
	54,124	**52,501**	**27,400**	**27,108**

(a) The management fee is charged by Dangote Industries Limited for management and corporate services provided to Dangote Cement Plc. It is an apportionment of the Parent company's shared-services to subsidiaries.

(b) Auditors' remuneration is detailed in the table below:

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Audit fees	476	481	255	255
Limited review of quarterly financial statements*	45	41	24	21
Sustainability, training and controls review*	40	17	40	17
	561	**539**	**319**	**293**

* This was paid to the joint external auditors, Deloitte & Touche.

8. Administrative expenses continued

Other employee related disclosures

Aggregate payroll costs:	Group		Company	
	Year ended 31/12/19	Year ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18
	₦'million	₦'million	₦'million	₦'million
Wages, salaries and staff welfare	60,603	55,164	35,653	31,538
Pension costs	2,181	2,117	1,259	1,075
	62,784	**57,281**	**36,912**	**32,613**

Chairman's and Directors' remuneration

	Group		Company	
	Year ended 31/12/19	Year ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18
	₦'million	₦'million	₦'million	₦'million
Directors' remuneration comprises:				
Fees	49	57	49	57
Emoluments	792	1,059	773	1,059
	841	**1,116**	**822**	**1,116**
Chairman	**49**	**48**	**49**	**48**
Highest paid Director	**109**	**429**	**109**	**429**

Number of Directors whose emoluments were within the following ranges:

₦ – ₦	2019 Number	2018 Number	2019 Number	2018 Number
1 – 3,200,000	-	-	-	-
3,200,001 – 8,750,000	-	1	-	1
8,750,001 – 20,000,000	-	2	-	2
Above 20,000,000	15	13	15	13
	15	**16**	**15**	**16**

Permanent employees remunerated at higher rate excluding allowances:

₦ - ₦				
Up to 250,000	7,389	8,041	7,107	6,906
250,001 - 500,000	3,755	4,708	3,274	4,417
500,001 - 750,000	785	1,106	541	928
750,001 - 1,000,000	2,069	924	1,965	867
1,000,001 - 1,250,000	918	620	780	558
1,250,001 - 1,500,000	345	192	279	147
1,500,001 - 2,000,000	588	322	484	250
2,000,001 and above	965	880	547	196
	16,814	**16,793**	**14,977**	**14,269**

The average number of permanent employees employed during the year excluding Directors was as follows:

Management	509	592	386	362
Non-management	15,736	15,272	14,023	12,998
	16,245	**15,864**	**14,409**	**13,360**

9. Selling and distribution expenses

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Salaries and related staff costs	16,976	14,401	12,510	10,679
Depreciation	23,850	25,572	14,484	15,363
Advertisement and promotion	8,597	3,990	7,822	2,987
Haulage expenses	107,176	88,040	70,725	56,741
Others	4,046	4,922	3,645	3,508
	160,645	**136,925**	**109,186**	**89,278**

10. Finance income and finance costs

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Finance income:				
Interest income	7,610	11,323	36,713	37,705
Others - foreign exchange gain		-	10,845	41,673
	7,610	11,323	47,558	79,378
Finance costs:				
Interest expenses	43,829	41,413	25,701	22,312
	43,829	41,413	25,701	22,312
Foreign exchange loss	13,481	8,112	-	-
Other finance costs	363	253	336	253
	57,673	**49,778**	**26,037**	**22,565**

The average effective interest rate on funds borrowed generally is 10.87% and 10.68% per annum for Group and Company respectively. (2018: 11.14% per annum for Group and 11.28% per annum for Company). These are the rates used for the capitalisation on qualifying assets.

Interest capitalized to property plant and equipment for the Group was ₦2.57 billion (2018: ₦1.96 billion)

The schedule below shows the exchange rates presented in one unit of foreign currency to Naira for the significant currencies used in the group:

	2019		2018	
Currency	**Average rate**	**Year end rate**	**Average rate**	**Year end rate**
South African Rand to Naira	21.2258	21.7100	25.7371	21.3300
Central Africa Franc to Naira	0.6171	0.6241	0.6247	0.6254
Ethiopian Birr to Naira	12.4157	11.4671	12.6767	12.7992
Zambian Kwacha to Naira	27.9562	26.0036	32.9599	30.0872
Tanzanian Shilling to Naira	0.1571	0.1590	0.1530	0.1563
Ghanaian Cedi to Naira	67.3690	64.1039	73.9508	72.8389
United States dollar to Naira	361.8400	364.7000	348.0050	358.7900

11. Other income

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Insurance claims	610	982	126	730
Government grant	227	2,368	199	2,336
Sundry income	2,143	6,872	922	717
	2,980	**10,222**	**1,247**	**3,783**

Government grant for 2018 includes ₦2.06 billion Export Expansion Grant (EEG) on export sales for 2014-2017 in both Group and Company.

Sundry income for 2018 in the Group includes ₦3.4 billion for provisions reversed which are no longer necessary.

12 Profit for the year

Profit for the year includes the following charges:

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Depreciation of property, plant and equipment and right of use asset	94,896	95,578	53,432	51,793
Amortisation of intangible assets	567	625	22	16
Auditors' remuneration	561	539	319	293
Employee benefits expense	62,784	57,281	36,912	32,613
Loss on disposal of property, plant and equipment	130	459	47	5

13 Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Profit for the year attributable to owners of the Company	200,935	388,983	261,349	481,456
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	17,041	17,041	17,041	17,041
Basic & diluted earnings per share (Naira)	**11.79**	**22.83**	**15.34**	**28.25**

14. Income taxes

14.1 Income tax recognised in profit or loss

	Group		Company	
	Year ended 31/12/19 ₦'million	**Year ended 31/12/18 ₦'million**	**Year ended 31/12/19 ₦'million**	**Year ended 31/12/18 ₦'million**
Current tax				
Current tax	(48,466)	(10,468)	(47,013)	(8,981)
Prior year over provision	2,587	53,869	2,587	53,869
	(45,879)	43,401	(44,426)	44,888
Deferred tax				
Deferred tax	(5,876)	46,118	(11,442)	44,345
Prior year over provision	1,797	-	1,797	-
	(4,079)	46,118	(9,645)	44,345
Total income tax credit/(charge) recognised	**(49,958)**	**89,519**	**(54,071)**	**89,233**

The income tax credit/(expense) for the year can be reconciled to the accounting profit as follows:

	Group		Company	
	Year ended 31/12/19 ₦'million	**Year ended 31/12/18 ₦'million**	**Year ended 31/12/19 ₦'million**	**Year ended 31/12/18 ₦'million**
Profit before income tax	**250,479**	**300,806**	**315,420**	**392,223**
Income tax expense calculated at 30% (2018: 30%)	(75,144)	(90,242)	(94,626)	(117,667)
Education Tax	(4,464)	(3,765)	(4,464)	(3,765)
Effect of tax holiday and income that is exempt from taxation	58,434	56,980	58,273	55,774
Effect of expenses that are not deductible in determining taxable profit	(180)	(384)	(172)	(324)
Effect of previously unrecognised temporary difference now recognised as deferred tax assets.	-	2,457	-	-
Effect of previously recognised temporary difference now derecognised as deferred tax assets.	1,770	(6,898)	-	-
Effect of deferred tax not recognised on net investment exchange gains	4,515	7,563	1,753	17,596
Effect of prior year over provision (refer to Note 14.1.1)	4,384	133,717	4,384	133,717
Effect of Investment Allowance	417	2,382	417	2,382
Effect of income taxed at different rates	241	1,586	241	1,586
Effect of Commencement rule	(20,617)	-	(20,617)	-
Effect of unused tax losses and offsets not recognised as deferred tax assets	(21,697)	(15,059)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,439	1,234	-	-
Other	944	(52)	740	(66)
Income tax income credit/(charge) recognised in profit or loss	**(49,958)**	**89,519**	**(54,071)**	**89,233**

The income tax rate of 30% was used for the company tax computation as established by the tax legislation of Nigeria effective in 2019 and 2018. The income tax rate in South Africa is 28%, in Cameroon, 38.5% and 35% in Zambia.

14.1.1 Prior to 2018, we made a tax provision on profits earned from Ibese production lines 3 & 4 and Obajana production line 4 on the basis that they were yet to obtain approval for tax exemptions under the Pioneer Status Incentive. Approval was obtained in December 2018 and the provision was reversed in the same year.

14. Income taxes continued

14.2.1 Current tax receivables

	Group		Company	
	31/12/19	**31/12/18**	**31/12/19**	**31/12/18**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Balance at beginning of the year	6,213	59	6,211	-
Charge for the year	7	(42)	-	-
Payments during the year	(48)	(15)	-	-
Other receivables*	501	6,211	501	6,211
Effect of currency exchange difference	45	-	-	-
Balance at the end of the year	**6,718**	**6,213**	**6,712**	**6,211**

* Other receivables represents tax credit from Federal Government of Nigeria for infrastructure development.

14.2.2 Current tax payables

	Group		Company	
	31/12/19	**31/12/18**	**31/12/19**	**31/12/18**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Balance at beginning of the year	9,223	63,901	8,608	63,787
Charge for the year	45,886	(43,443)	44,426	(44,888)
Payments during the year	(4,649)	(11,178)	(3,907)	(10,291)
Effect of currency exchange difference	(528)	(57)	-	-
Balance at the end of the year	**49,932**	**9,223**	**49,127**	8,608

14.3 Deferred tax balance

	Group		Company	
	31/12/19	**31/12/18**	**31/12/19**	**31/12/18**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Deferred tax assets	44,768	40,622	14,356	14,561
Deferred tax liabilities	(93,841)	(83,350)	(89,473)	(80,033)
Net deferred tax assets/(liabilities)	**(49,073)**	**(42,728)**	**(75,117)**	**(65,472)**

Group

2019	**Opening balance**	**Recognised in profit or loss**	**Effect of currency translation**	**Closing balance**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	(55,161)	(34,562)	(2,082)	(91,805)
Unrealised exchange gains	(7,777)	(5,004)	(1,434)	(14,215)
Provision	390	8,856	(13)	9,233
Tax losses	19,820	26,631	1,263	47,714
	(42,728)	**(4,079)**	**(2,266)**	**(49,073)**

2018	**Opening balance**	**Recognised in profit or loss**	**Effect of currency translation**	**Closing balance**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	(144,431)	87,267	2,003	(55,161)
Unrealised exchange gains	(14,598)	7,297	(476)	(7,777)
Provision	508	(124)	6	390
Tax losses	72,248	(48,322)	(4,106)	19,820
				-
	(86,273)	**46,118**	**(2,573)**	**(42,728)**

14. Income taxes continued
Company

2019	Opening balance ₦'million	Recognised in profit or loss ₦'million	Closing balance ₦'million
Deferred tax assets /(liabilities) in relation to:			
Property, plant & equipment	(57,516)	(7,042)	(64,558)
Unrealised exchange gains	(8,658)	(3,183)	(11,841)
Provision	702	580	1,282
	(65,472)	**(9,645)**	**(75,117)**

2018	Opening balance ₦'million	Recognised in profit or loss ₦'million	Closing balance ₦'million
Deferred tax assets /(liabilities) in relation to:			
Property, plant & equipment	(104,668)	47,152	(57,516)
Unrealised exchange gains	(5,993)	(2,665)	(8,658)
Provision	844	(142)	702
	(109,817)	**44,345**	**(65,472)**

Tax authorities in various jurisdictions where the Group operates in, reserve the right to audit the tax charges for the financial year ended 31 December 2019 and prior years. In cases where tax audits have been carried out and additional charges levied, the Group has responded to the tax authorities challenging the technical merits and made a provision it considers appropriate in line with the technical merits of issues raised by tax authorities.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Tax losses	48,918	36,391	-	-
Unused tax credits	-	184	-	-
Deductible temporary differences	8,795	2,087	-	-
	57,713	**38,662**	**-**	**-**

The unrecognised tax credits will expire as follows

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Year 1	3,926	1,788	-	-
Year 2	1,629	1,910	-	-
Year 3	1,740	2,185	-	-
Year 4	-	-	-	-
Year 5	-	-	-	-
After Year 5	-	-	-	-
No expiry date	50,418	32,779	-	-
	57,713	**38,662**	**-**	**-**

Deferred tax liability amounting to ₦29.2 billion (2018: ₦26.4 billion) for both Group and Company was not recognised in this financial statements. This relates to exchange on inter-company loans classified as part of the net investment in subsidiaries.

15. Property, plant and equipment

15.1 The Group

	Land, Leasehold improvements and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-In-progress ₦'million	Total ₦'million
Cost							
At 1st January 2018	218,895	1,044,204	160,302	4,028	9,443	82,152	1,519,024
Additions	9,548	14,115	702	-	291	63,967	88,623
Reclassifications (Note 15.1.1)	1,405	13,796	7,480	-	794	(23,475)	-
Other reclassifications (Note 15.1.2)	(3,177)	1,186	(391)	-	-	(3,883)	(6,265)
Disposal (Note 15.1.3)	-	(285)	(271)	-	-	(146)	(702)
Effect of currency exchange differences	2,688	(13,498)	(302)	-	(103)	1,498	(9,717)
Balance at 31st December 2018	229,359	1,059,518	167,520	4,028	10,425	120,113	1,590,963
Additions	1,557	4,353	5,996	-	293	162,753	174,952
Reclassifications (Note 15.1.1)	(3,077)	13,001	40,183	-	810	(50,917)	-
Other reclassifications (Note 15.1.2)	-	(351)	-	-	-	(27,690)	(28,041)
Disposal (Note 15.1.3)	-	(67)	(770)	-	-	-	(837)
Write-off (Note 15.1.4)	-	-	-	-	(1)	(70)	(71)
Effect of currency exchange differences	(3,510)	(18,373)	(5,091)	-	(113)	(24)	(27,111)
Balance at 31st December 2019	**224,329**	**1,058,081**	**207,838**	**4,028**	**11,414**	**204,165**	**1,709,855**
Accumulated depreciation and impairment							
At 1st January 2018	25,228	209,366	87,201	1,520	3,569	-	326,884
Depreciation expense	8,776	51,499	33,718	403	1,182	-	95,578
Other reclassifications (Note 15.1.2)	(202)	-	-	-	-	-	(202)
Disposal (Note 15.1.3)	-	(9)	(234)	-	-	-	(243)
Impairment (Note 15.1.4)	-	24	336	-	-	-	360
Effect of currency exchange differences	162	(3,111)	(251)	-	(78)	-	(3,278)
Balance at 31st December 2018	33,964	257,769	120,770	1,923	4,673	-	419,099
Depreciation expense	8,635	50,015	32,882	403	1,233	-	93,168
Other reclassifications (Note 15.1.2)	-	59	-	-	-	-	59
Disposal (Note 15.1.3)	-	(20)	(770)	-	-	-	(790)
Effect of currency exchange differences	(612)	(3,784)	(3,982)	-	(52)	-	(8,430)
Balance at 31st December 2019	**41,987**	**304,039**	**148,900**	**2,326**	**5,854**	**-**	**503,106**
Carrying amounts:							
At 31st December 2018	195,395	801,749	46,750	2,105	5,752	120,113	1,171,864
At 31st December 2019	**182,342**	**754,042**	**58,938**	**1,702**	**5,560**	**204,165**	**1,206,749**

15.1.1 Represent assets transferred to/from Capital work in progress

15.1.2 Represent amount transferred to/from non current prepayment, inventories, vendor's account and exploration assets

15.1.3 Represent motor trucks and equipments disposed of.

15.1.4 Some borrowings are secured by a debenture on all the fixed and floating assets (note 26)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

15. Property, plant and equipment continued

15.2 The company

	Land, Leasehold improvements and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-in-progress ₦'million	Total ₦'million
Cost							
At 1st January 2018	50,304	599,084	85,985	4,028	2,909	33,816	776,126
Additions	4	7,545	-	-	87	34,509	42,145
Reclassifications (Note 15.2.1)	1,122	13,720	6,544	-	505	(21,891)	-
Other reclassifications (Note 15.2.2)	-	(41)	(391)	-	-	(3,943)	(4,375)
Disposal (Note 15.2.3)	-	-	(239)	-	-	-	(239)
Balance at 31st December 2018	51,430	620,308	91,899	4,028	3,501	42,491	813,657
Additions	-	2,161	2,966	-	14	57,909	63,050
Reclassifications (Note 15.2.1)	857	12,718	40,175	-	609	(54,359)	-
Other reclassifications (Note 15.2.2)	-	-	-	-	-	(288)	(288)
Disposal (Note 15.2.3)	-	(67)	(770)	-	-	-	(837)
Write-off	-	-	-	-	-	(37)	(37)
Balance at 31st December 2019	**52,287**	**635,120**	**134,270**	**4,028**	**4,124**	**45,716**	**875,545**
Accumulated depreciation and impairment							
Balance at 1st January 2018	11,598	152,090	59,350	1,520	1,606	-	226,164
Depreciation expense	2,028	28,588	20,230	403	544	-	51,793
Disposal (Note 15.2.3)	-	-	(234)	-	-	-	(234)
Balance at 31st December 2018	13,626	180,678	79,346	1,923	2,150	-	277,723
Depreciation expense	2,084	29,284	20,394	403	613	-	52,778
Disposal (Note 15.2.3)	-	(20)	(770)	-	-	-	(790)
Balance at 31st December 2019	**15,710**	**209,942**	**98,970**	**2,326**	**2,763**	**-**	**329,711**
Carrying amounts:							
At 31st December 2018	37,804	439,630	12,553	2,105	1,351	42,491	535,934
At 31st December 2019	**36,577**	**425,178**	**35,300**	**1,702**	**1,361**	**45,716**	**545,834**

15.2.1 Represent assets transferred from Capital work in progress on completion

15.2.2 Represents amount transferred to vendor's account

15.2.3 Represent motor trucks and equipment disposed of.

15.2.4 Some borrowings are secured by a debenture on all the fixed and floating assets (note 26)

16. Intangible assets

16.1 The Group

	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
Cost			
At 1st January 2018	4,571	4,419	8,990
Additions	254	542	796
Effect of foreign currency differences	(85)	(616)	(701)
Balance at 31st December 2018	4,740	4,345	9,085
Additions	103	117	220
Other reclassifications (Note 16.1.1)	-	(1,991)	(1,991)
Effect of foreign currency differences	(194)	(47)	(241)
Balance at 31st December 2019	**4,649**	**2,424**	**7,073**
Amortization			
At 1st January 2018	2,488	147	2,635
Amortization expense	519	106	625
Effect of foreign currency differences	(114)	(30)	(144)
Balance at 31st December 2018	2,893	223	3,116
Amortization expense	464	103	567
Other reclassifications (Note 16.1.1)	-	(238)	(238)
Effect of foreign currency differences	(27)	(8)	(35)
Balance at 31st December 2019	**3,330**	**80**	**3,410**
Carrying amounts:			
At 31st December 2018	1,847	4,122	5,969
At 31st December 2019	**1,319**	**2,344**	**3,663**

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

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

16.1.1 Represent assets transferred to property plant and equipment from exploration assets

16. Intangible assets continued

16.2 The company

	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
Cost			
At 1st January 2018	1,327	-	1,327
Additions	27	-	27
Balance at 31st December 2018	1,354	-	1,354
Additions	43	-	43
Balance at 31st December 2019	**1,397**	**-**	**1,397**
Amortization			
At 1st January 2018	1,290	-	1,290
Amortization expense	16	-	16
Balance at 31st December 2018	1,306	-	1,306
Amortization expense	22	-	22
Balance at 31st December 2019	**1,328**	**-**	**1,328**
Carrying amounts:			
At 31st December 2018	48	-	48
At 31st December 2019	**69**	**-**	**69**

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

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

17. Right of use assets

17.1 The Group

	Land and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Total ₦'million
Cost				
Recognised on 1 January 2019	9,131	283	1,129	10,543
Additions	386	86	90	562
Other reclassification (Note 17.1.1)	3,082	-	-	3,082
Disposal	-	(72)	(98)	(170)
Effect of foreign currency exchange differences	(270)	7	26	(237)
Balance at 31st December 2019	**12,329**	**304**	**1,147**	**13,780**
Accumulated depreciation & impairment				
Balance at 1 January 2019	-	-	-	-
Depreciation expense	1,135	204	389	1,728
Other reclassification (Note 17.1.1)	196	-	-	196
Disposal	-	(72)	(15)	(87)
Effect of foreign currency exchange differences	(25)	3	9	(13)
Balance at 31st December 2019	**1,306**	**135**	**383**	**1,824**
Carrying amounts:				
At 31st December 2018	-	-	-	-
Balance at 31st December 2019	**11,023**	**169**	**764**	**11,956**

The Group leases several assets including cement depots, residential apartments, trucks, trailers, fleet vehicles, forklifts and land. The average lease term is 20.40 years

Approximately 7 of the leases for the Group expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets.

17.1.1 Represents amount reclassed from non-current prepayment for property, plants and equipment in respect of operating lease to right of use assets.

17.1.2

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Amounts recognised in profit or loss				
Depreciation expense on right-of-use assets	1,728	-	654	-
Interest expense on lease liabilities	985	-	-	-
Expense relating to short-term leases	592	-	373	-

At 31 December 2019, the Group is committed to ₦536.95 million for short-term leases.

All payments for lease are fixed.

The total cash outflow for leases amount to ₦1.95 billion

17. Right of use assets continued

17.2 The company

	Land and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Total ₦'million
Cost				
Recognised on 1 January 2019	1,499	-	-	1,499
Additions	149	-	-	149
Balance at 31st December 2019	**1,648**	**-**	**-**	**1,648**
Accumulated depreciation & impairment				
Balance at 1 January 2019	-	-	-	-
Depreciation expense	654	-	-	654
Balance at 31st December 2019	**654**	**-**	**-**	**654**
Carrying amounts:				
At 31st December 2018	-	-	-	-
Balance at 31st December 2019	**994**	**-**	**-**	**994**

The Company leases several assets including cement depots, residential apartments. The average lease term is 2.83 years

Approximately 4 of the 55 leases expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets. This resulted in additions to right-of-use assets of ₦149.09 million in 2019.

18. Information regarding subsidiaries and associate

18.1 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting year are as follows;

Direct subsidiaries	Principal activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/19	31/12/18
Dangote Cement South Africa (Pty) Limited	Cement production	South Africa	64.00%	64.00%
Dangote Industries (Ethiopia) Plc	Cement production	Ethiopia	99.97%	99.97%
Dangote Cement Zambia Limited	Cement production	Zambia	99.96%	99.96%
Dangote Cement Senegal S.A	Cement production	Senegal	99.99%	99.99%
Dangote Cement Cameroun S.A	Cement Grinding	Cameroun	99.97%	99.97%
Dangote Mines Limited, Tanzania	Cement production	Tanzania	99.70%	99.70%
Dangote Cement Congo S.A	Cement production	Congo	100.00%	100.00%
Dangote Cement (Sierra Leone) Limited	Cement bagging and distribution	Sierra Leone	99.60%	99.60%
Dangote Cement Cote D'Ivoire S.A	Cement Grinding	Cote D'Ivoire	80.00%	80.00%
Dangote Industries Gabon S.A	Cement Grinding	Gabon	80.00%	80.00%
Dangote Cement Ghana Limited	Cement bagging and distribution	Ghana	100.00%	100.00%
Dangote Cement - Liberia Ltd.	Cement bagging and distribution	Liberia	100.00%	100.00%
Dangote Cement Burkina Faso S.A	Selling and distribution of cement	Burkina Faso	95.00%	95.00%
Dangote Cement Chad S.A	Selling and distribution of cement	Chad	95.00%	95.00%
Dangote Cement Mali S.A	Selling and distribution of cement	Mali	95.00%	95.00%
Dangote Cement Niger SARL	Selling and distribution of cement	Niger	95.00%	95.00%
Dangote Industries Benin S.A	Selling and distribution of cement	Benin	98.00%	98.00%
Dangote Cement Togo S.A	Selling and distribution of cement	Togo	90.00%	90.00%
Dangote Cement Kenya Limited	Cement production	Kenya	90.00%	90.00%
Dangote Quarries Kenya Limited	Limestone mining	Kenya	90.00%	90.00%
Dangote Cement Madagascar Limited	Cement production	Madagascar	95.00%	95.00%
Dangote Quarries Mozambique Limitada	Cement production	Mozambique	95.00%	95.00%
Dangote Cement Nepal Pvt. Limited	Cement production	Nepal	100.00%	100.00%
Dangote Zimbabwe Holdings (Private) Limited	Investment holding	Zimbabwe	90.00%	90.00%
Dangote Cement Zimbabwe (Private) Limited	Cement production	Zimbabwe	90.00%	90.00%
Dangote Energy Zimbabwe (Private) Limited	Power production	Zimbabwe	90.00%	90.00%
Dangote Mining Zimbabwe (Private) Limited	Coal production	Zimbabwe	90.00%	90.00%
Dangote Cement Guinea SA	Cement production	Guinea	95.00%	95.00%
Cimenterie Obajana Sprl- D.R. Congo	Cement production	D.R. Congo	98.00%	98.00%
Itori Cement Plc.	Cement production	Nigeria	99.00%	99.00%
Okpella Cement Plc.	Cement production	Nigeria	99.00%	99.00%
Dangote Takoradi Cement Production Ltd	Cement Grinding	Ghana	99.00%	99.00%
Dangote Cement Yaounde	Cement Grinding	Cameroun	90.00%	90.00%
Dangote Cement Congo D.R. S.A	Cement production	D.R. Congo	99.00%	99.00%
DCP Cement Limited	Cement production	Nigeria	90.00%	90.00%
Dangote Cement Limited, Tanzania	Cement production	Tanzania	99.70%	99.70%
Dangote Contracting Services Ltd, Tanzania	Contracting Services	Tanzania	99.70%	99.70%
Dangote Mining Niger S.A	Limestone mining	Niger	88.00%	-
Dangote Ceramics Limited	Manufacturing of ceramics products	Nigeria	99.00%	-
Indirect Subsidiaries				
Dangote Cement South Africa (Pty) Limited Subsidiaries				
Sephaku Development (Pty) Ltd	Mining right holder	South Africa	85.00%	100.00%
Sephaku Delmas Properties (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Blue Waves Properties 198 (Pty) Ltd	Exploration	South Africa	100.00%	100.00%
Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	-	80.00%
Sephaku Enterprise Development (Pty) Ltd	Cement production	South Africa	100.00%	100.00%
Dangote Dwaalboom mining (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Benificial Ingenuity (Pty) Limited	Investment holding	South Africa	80.00%	-

18 Information regarding subsidiaries and asssociate continued

Indirect Subsidiaries		Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/19	31/12/18
Benificial Ingenuity (Pty) Limited Subsidiary				
Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	52.00%	-
Dangote Cement Zambia Limited				
Dangote Quarries (Zambia) Limited	Limestone mining	Zambia	49.90%	49.90%
Dangote Fuels Zambia Limited	Selling and Distribution of	Zambia	99.00%	99.00%
Dangote Cement Nepal Pvt. Limited subsidiary				
Birat Cement Pvt. Limited	Cement production and	Nepal	100.00%	100.00%

In 2019, a subsidiary of Dangote Cement South Africa (Pty) Limited changed its name from Portion 11 Klein Westerford Properties (Pty) Ltd to Dangote Dwaalboom mining (Pty) Ltd.

18.2 Investments in subsidiaries

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Dangote Cement South Africa (Pty) Limited	-	-	27,922	27,922
Dangote Industries (Ethiopia) Plc	-	-	40,036	40,036
Dangote Cement Zambia Limited	-	-	106	106
Dangote Cement Senegal S.A	-	-	64,782	64,782
Dangote Cement Cameroun S.A	-	-	15,160	15,160
Dangote Cement Ghana Limited	-	-	-	-
Dangote Mines Limited, Tanzania	-	-	13,851	13,851
Dangote Cement Congo S.A	-	-	3	3
Dangote Cement (Sierra Leone) Limited	-	-	18	18
Dangote Cement Cote D'Ivoire S.A	-	-	16	16
Dangote Industries Gabon S.A	-	-	6	6
Dangote Cement Burkina faso SA	-	-	3	3
Dangote Cement Chad SA	-	-	3	3
Dangote Cement Mali SA	-	-	3	3
Dangote Cement Niger SARL	-	-	5	5
Dangote Industries Benin S.A.	-	-	3	3
Dangote Cement Togo S.A.	-	-	5	5
Dangote Takoradi Cement Production Limited	-	-	141	141
Dangote Cement Madagascar Limited	-	-	2	2
Dangote Cement Congo D.R. S.A	-	-	6	6
Dangote Cement - Liberia Ltd.	-	-	-	-
Dangote Cement Kenya Limited	-	-	-	-
Dangote Quarries Kenya Limited	-	-	-	-
Dangote Quarries Mozambique Limitada	-	-	-	-
Dangote Cement Nepal Pvt. Ltd.	-	-	-	-
Dangote Zimbabwe Holdings (Private) Limited	-	-	-	-
Dangote Cement Zimbabwe (Private) Limited	-	-	-	-
Dangote Energy Zimbabwe (Private) Limited	-	-	-	-
Dangote Mining Zimbabwe (Private) Limited	-	-	-	-
Dangote Cement Guinea SA	-	-	-	-
Cimenterie Obajana Sprl- D.R. Congo	-	-	-	-
Itori Cement Plc.	-	-	-	-
Okpella Cement Plc.	-	-	-	-
Dangote Cement Yaounde	-	-	-	-
DCP Cement Limited	-	-	-	-
Dangote Cement Limited, Tanzania	-	-	-	-
Dangote Contracting Services Limited, Tanzania	-	-	-	-
Dangote Mining Niger S.A	-	-	-	-
Dangote Ceramics Limited	-	-	-	-
	-	-	**162,071**	**162,071**

18 Information regarding subsidiaries and asssociate continued

18.3 Investment in associate

	Group		Company	
	31/12/19	**31/12/18**	**31/12/19**	**31/12/18**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Societe des Ciments d' Onigbolo	4,312	3,749	1,582	1,582
Share of profit from asscociate	649	563	-	-
	4,961	**4,312**	**1,582**	**1,582**

18.4 *Composition of the Group*

Information about the composition of the Group at the end of the reporting year is as follows:

Principal activity	**Place of incorporation and operation**	**Number of wholly-owned subsidiaries**	
		2019	**2018**
Cement production	Congo	1	1
Cement bagging and distribution	Liberia	1	1
Cement bagging and distribution	Ghana	1	1
Cement production	Nepal	1	1

Principal activity	**Place of incorporation and operation**	**Number of non- wholly-owned subsidiaries**	
		2019	**2018**
Cement production	South Africa	1	1
Cement production	Ethiopia	1	1
Cement production	Zambia	1	1
Cement production	Senegal	1	1
Cement Grinding	Cameroun	2	2
Cement production	Tanzania	2	2
Contracting Services	Tanzania	1	1
Cement bagging and distribution	Sierra Leone	1	1
Cement Grinding	Cote D'Ivoire	1	1
Cement Grinding	Gabon	1	1
Selling and distribution of cement	Burkina Faso	1	1
Selling and distribution of cement	Chad	1	1
Selling and distribution of cement	Mali	1	1
Selling and distribution of cement	Niger	1	1
Limestone mining	Niger	1	-
Limestone mining	Kenya	1	1
Cement production	Kenya	1	1
Cement production	Madagascar	1	1
Selling and distribution of cement	Benin	1	1
Selling and distribution of cement	Togo	1	1
Cement production	Mozambique	1	1
Holding company	Zimbabwe	1	1
Cement production	Zimbabwe	1	1
Power production	Zimbabwe	1	1
Coal production	Zimbabwe	1	1
Cement production	Guinea	1	1
Cement production	D.R. Congo	2	2
Cement production	Nigeria	3	3
Cement Grinding	Ghana	1	1
Manufacturing of ceramics products	Nigeria	1	-

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

18 Information regarding subsidiaries and asssociate continued

18.5 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	2019 ₦'million	2018 ₦'million	2019 ₦'million	2018 ₦'million
Dangote Cement South Africa (Pty) Limited	South Africa	36.00%	36.00%	-	1,202	12,450	12,210

18.6 Summarised below is the financial information in respect of the Group's subsidiaries that have material non-controlling interests. Information below represent amounts before intragroup eliminations.

	Dangote Cement South Africa (Pty)	
	2019 ₦'million	2018 ₦'million
Information in respect of the financial position of the subsidiaries		
Current assets	22,431	20,067
Non-current assets	68,889	69,594
Current liabilities	32,318	23,882
Non-current liabilities	22,029	29,320
Equity attributable to owners of the Company	36,882	36,381
Non-controlling interests	91	78
Information in respect of the profit and loss and other comprehensive income		
Revenue	46,372	58,993
Expenses	(47,022)	(57,513)
Tax credit	651	1,859
Profit/(loss) for the year	**1**	**3,339**
Profit/(loss) attributable to owners of the Company	1	2,137
Profit/(loss) attributable to the non-controlling interests	-	1,202
Profit/(loss) for the year	**1**	**3,339**
Other comprehensive income	-	-
Total comprehensive income for the year	**1**	**3,339**
Total comprehensive income attributable to owners of the Company	1	2,137
Total comprehensive income attributable to the non-controlling interests	-	1,202
Total comprehensive income for the year	**1**	**3,339**
Information in respect of the cash flows of the Subsidiary		
Dividends paid to non-controlling interests	(137)	-
Net cash inflow from operating activities	9,146	9,482
Net cash inflow/(outflow) from investing activities	722	(14)
Net cash (outflow) from financing activities	(10,053)	(7,445)
Net cash (outflow)/inflow	**(185)**	**2,023**

18.7 Change in the Group's ownership interest in a subsidiary

During 2019, a change in shareholding was recorded as Dangote Cement South Africa (Pty) Limited (DCSA) no longer have a direct shareholding in Sephaku Limestone and Exploration. The shares are now held through Beneficial Ingenuity (Pty)Ltd as the exploration right period expired and DCSA needed additional time to prepare for mining right application, DCSA also had to bring in additional black shareholding in order to comply with the mining charter's new requirement of 26% black ownership.

18.8 Significant restrictions

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

19. Prepayments

		Group		Company	
19.1	**Prepayments for property, plant & equipment**	**31/12/19 ₦'million**	**31/12/18 ₦'million**	**31/12/19 ₦'million**	**31/12/18 ₦'million**
	Non-current				
	Advance to contractors	51,233	33,408	5,690	-
	Operating lease	-	2,975	-	-
	Total non-current prepayments	**51,233**	**36,383**	**5,690**	**-**
19.2	**Prepayments and other current assets**				
	Advance to contractors	12,999	8,563	3,916	5,965
	Deposits for import	8,828	14,942	6,873	12,589
	Deposit for supplies	6,217	8,519	3,321	1,634
	Rent, rates and insurance	3,057	3,846	831	2,077
	Other financial assets	1	8	-	-
	Total current prepayments and other assets	**31,102**	**35,878**	**14,941**	**22,265**
	Related Party Transactions				
	Parent company	7,141	524	7,141	524
	Entities controlled by the parent company	88,759	65,481	83,435	61,627
	Affiliates and associates of parent company	40	-	-	-
	Receivables from subsidiaries	-	-	167,364	168,173
	Total related party transactions	**95,940**	**66,005**	**257,940**	**230,324**
	Prepayments and other current assets	**127,042**	**101,883**	**272,881**	**252,589**

Non-current advances to contractors represent various advances made to contractors for the construction of plants while current advances to contractors represent various advances made for the purchase of LPFO, AGO, coal and other materials which were not received at the year end.

		Group		Company	
		31/12/19 ₦'million	**31/12/18 ₦'million**	**31/12/19 ₦'million**	**31/12/18 ₦'million**
20	**Inventories**				
	Finished product	7,793	8,529	5,601	6,358
	Work-in-progress	14,129	16,750	4,336	4,473
	Raw materials	7,656	6,281	3,203	2,323
	Packaging materials	4,564	4,040	1,892	1,018
	Consumables	10,762	10,184	8,115	6,745
	Fuel	9,676	11,612	6,399	7,147
	Spare parts	55,093	44,452	35,170	29,341
	Goods in transit	5,133	5,150	3,020	2,415
		114,806	**106,998**	**67,736**	**59,820**

The cost of inventories recognised as an expense during the year was ₦251.20 billion and ₦124.83 billion (2018: ₦275.89 billion and ₦120.70 billion) in the consolidated and separate financial statements respectively.

The amount recognised as inventories obsolescence during the year was nil (2018: ₦35.6 million) for Group and Company.

21. Trade and other receivables

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Trade receivables	13,979	16,626	6,369	7,036
Impairment allowance on trade receivables	(1,156)	(1,346)	(1,133)	(1,272)
	12,823	**15,280**	**5,236**	**5,764**
Staff loans and advances	1,948	1,514	1,508	1,162
Other receivables	15,230	27,674	4,864	4,120
Total trade and other receivables	**30,001**	**44,468**	**11,608**	**11,046**

Of the trade receivables balance at the end of the year in the consolidated and separate financial statements respectively, ₦591 million (2018: ₦666.8 million from Group's and ₦1.13 billion from Company's respectively) is due from the Group's largest trade debtor. There are no customers who represent more than 10% of the total balance of trade receivables of the Group after impairment.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 720 days past due, except where there is adequate security, because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables are considered to be past due when they exceed the credit period granted.

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

Group

31/12/19	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	0.2%	0.7%	0.2%	0.0%	76.6%	
Estimated total gross carrying amount at default	9,311	2,123	1,082	7	1,456	13,979
Lifetime ECL	**22**	**16**	**2**	**-**	**1,116**	**1,156**

31/12/18	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	1.0%	0.0%	0.3%	2.7%	89.0%	
Estimated total gross carrying amount at default	9,855	4,455	805	111	1,400	16,626
Lifetime ECL	**95**	**-**	**2**	**3**	**1,246**	**1,346**

Company

31/12/19	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	0.0%	0.02	0.6%		75.3%	
Estimated total gross carrying amount at default	3,789	784	313		1,483	6,369
Lifetime ECL	**-**	**16**	**2**	**-**	**1,115**	**1,133**

31/12/18	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	0.9%	0.9%	2.1%	6.0%	49.9%	
Estimated total gross carrying amount at default	4,360	49	114	50	2,463	7,036
Lifetime ECL	**39**	**-**	**2**	**3**	**1,228**	**1,272**

22 Finance Lease receivables

Leasing arrangements

Amounts receivable under finance leases:

	Group/ Company			
	Minimum lease payments		Present value of minimum Lease payment	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Year 1	5,967	3,349	4,266	2,380
Year 2	5,967	3,349	4,904	2,736
Year 3	3,026	4,235	2,694	3,739
Year 4	2,179	-	3,687	-
	17,139	10,933	15,551	8,855
Less: unearned finance income	(1,588)	(2,078)	-	-
Present value of minimum lease payments receivale	15,551	8,855	15,551	8,855
Allowance for uncollectible lease payments	-	-	-	-
Net investment in the lease	**15,551**	**8,855**	**15,551**	**8,855**
Analysed as follows				
Recoverable within 12 months	5,967	3,349	4,266	2,380
Recoverable after 12 months	11,172	7,584	11,285	6,475
	17,139	**10,933**	**15,551**	**8,855**

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

Unguaranteed residual values of assets leased under finance leases at the end of the reporting year are estimated at nil.

The average effective interest rate implicit in the contracts is 14% (2018: 14%) per annum.

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

The table below shows the aged analysis of the finance lease receivables

31/12/19	Group/ Company					
	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Estimated total gross carrying amount at default	15,320	145	31	8	47	15,551

31/12/18	Group & Company					
	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Estimated total gross carrying amount at default	8,721	92	39	3	-	8,855

23. Share capital

	Group/Company	
	31/12/19 ₦'million	31/12/18 ₦'million
Issued and fully paid		
23.1 Share capital 17,040,507,404 (2018: 17,040,507,404) ordinary shares of ₦0.5 each	8,520	8,520
Share premium	42,430	42,430

23.2 Authorised share capital as at reporting dates represents 20,000,000,000 units of ordinary shares of ₦0.5 each.

Fully paid ordinary shares carry one vote per fully paid up share and a right to dividends when declared and approved.

23.3 Currency translation reserve

Exchange difference relating to the translation of the results and net investments of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of foreign operations

23.4 Capital Contribution

A subordinated loan was obtained by the Company from the immediate parent, Dangote Industries Limited in 2010. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of ₦2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been accounted for as a capital contribution.

24 Dividend

On 17th June 2019, a dividend of ₦16.00. per share (total dividend ₦272.6 billion) was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to 2018 financial year.

In respect of the current year, the Directors proposed a dividend of ₦16.00 per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated and separate financial statements.

25 Trade and other payables

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Trade payables	63,277	86,265	33,443	41,157
Payable to contractors	73,910	22,477	21,270	12,695
Value added tax	3,797	3,050	1,690	1,163
Withholding tax payable	16,071	6,476	246	415
Staff pension (Note 29.1)	393	461	8	7
Advances from customers	59,107	26,299	48,040	17,986
Suppliers' credit	3,314	17,660	3,314	3,523
Accruals	64,870	68,282	21,836	15,933
Total trade and other payables	**284,739**	**230,970**	**129,847**	**92,879**

The average credit period on purchases of goods is 61days (2018: 82 days). Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid in line with the pre-agreed credit terms.

		Group		Company	
26	**Financial liabilities**	**31/12/19 ₦'million**	**31/12/18 ₦'million**	**31/12/19 ₦'million**	**31/12/18 ₦'million**
	Unsecured borrowings at amortised cost				
	Loans from Dangote Industries Limited	37,006	56,956	37,006	56,956
	Bulk Commodities loans	19,588	17,765	1,204	1,184
	Loans from Dangote Oil & Gas	29,736	42,776	29,736	42,776
	Commercial papers (Note 26(c))	137,505	79,273	137,505	79,273
		223,835	196,770	205,451	180,189
	Secured borrowings at amortised cost				
	Power intervention loan (Note 26 (b))	5,320	7,838	5,320	7,838
	Bank loans	122,279	130,693	14,759	10,218
		127,599	138,531	20,079	18,056
	Total borrowings at 31st December	**351,434**	**335,301**	**225,530**	**198,245**
	Long-term portion of loans and borrowings	**107,279**	**125,725**	**39,700**	**62,168**
	Current portion repayable in one year and shown under current liabilities	232,343	201,706	185,830	136,077
	Overdraft balances	11,812	7,870	-	-
	Short-term portion	244,155	209,576	185,830	136,077
	Interest payable	16,476	10,552	15,036	9,359
	Financial liabilities (short term)	**260,631**	**220,128**	**200,866**	**145,436**

(a) A subordinated loan of ₦55.4 billion was obtained by the Company from Dangote Industries Limited in 2010. ₦30 billion was long-term and the remaining balance was short term and was repayable on demand. The long-term loan was unsecured, with interest at 10% per annum and was repayable in 3 years after a moratorium period that ended 31st March 2017. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of ₦2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been accounted for as a capital contribution. This loan was repaid in full.

(b) In 2011 and 2012, the Bank of Industry through Guaranty Trust Bank Plc and Access Bank Plc granted the Company the sum of ₦24.5 billion long-term loan repayable over 10 years at an all-in annual interest rate of 7% for part financing or refinancing the construction cost of the power plants at the Company's factories under the Power and Aviation Intervention Fund. The loan had a moratorium of 12 months. Given the concessional terms at which the Company secured the loan, it is considered to have an element of government grant. Using prevailing market interest rates for an equivalent loan of 12.5%, the fair value of the loan is estimated at ₦20.7 billion. The difference of ₦3.8 billion between the gross proceeds and the fair value of the loan is the benefit derived from the low interest loan and is recognised as deferred revenue. The facility is secured by a debenture on all fixed and floating assets of the Company to be shared pari passu with existing lenders.

(c) Commercial paper was issued under a programme with a maximum face value of ₦150 billion. The tenure is between 90 days and 270 days with discount ranging from 7.5% to 12.69%.

26 Financial liabilities continued

	Currency	Nominal interest rate	Group Maturity on demand	31/12/19 ₦'million	31/12/18 ₦'million
Bank overdrafts			On demand	11,812	7,870
Other borrowings					
Other loans from Parent Company	Naira	10%	2021	37,006	56,956
Loan from Bulk Commodities Inc.	USD	6% - 8%	On demand & 2021	19,588	17,765
Commercial paper	Naira	7.5% - 12.9%	2020	137,505	79,273
Loans from Dangote Oil & Gas	Naira	7.0%	On demand	29,736	42,776
Power intervention loan	Naira	7%	07 & 12/2021	5,320	7,838
Short term loans from Banks	USD	7.0%	2020	51,527	62,593
Long term bank loans	CFA	8.50%	07/2021	29,154	24,974
Nedbank/Standard Bank Loan	Rands	JIBAR + 4%	11/2022	29,786	35,256
				339,622	327,431
Total borrowings at 31st December				**351,434**	**335,301**

	Currency	Nominal interest rate	Company Maturity	31/12/19 ₦'million	31/12/18 ₦'million
Loans from Parent Company	Naira	10%	2021	37,006	56,956
Loan from Bulk Commodities Inc.	USD	6%	On demand	1,204	1,184
Loans from Dangote Oil & Gas	Naira	7.0%	On demand	29,736	42,776
Power intervention loan	Naira	7%	07 & 12/2021	5,320	7,838
Commercial paper	Naira	7.5% - 12.9%	2020	137,505	79,273
Short term loans from Banks	USD	7.0%	2020	14,759	10,218
Total borrowings at 31st December				**225,530**	**198,245**

The maturity profiles of borrowings are as follows:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Due within one month	26,434	8,446	14,469	406
Due from one to three months	142,296	5,044	122,745	250
Due from three to twelve months	75,425	196,086	48,616	135,421
Total current portion repayable in one year	244,155	209,576	185,830	136,077
Due in the second year	82,343	83,993	39,364	59,581
Due in the third year	18,307	25,114	336	2,311
Due in the fourth year	1,965	12,274	-	276
Due in the fifth year and further	4,664	4,344	-	-
Total long-term portion of loans and borrowings	107,279	125,725	39,700	62,168
Total	**351,434**	**335,301**	**225,530**	**198,245**

26 Financial liabilities continued

The table below details changes in the liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Group				
	31/12/18	Financing Cashflows	Exchange (gains)/losses	Others	31/12/19
	₦'million	₦'million	₦'million	₦'million	₦'million
Loans from Dangote Industries Limited	56,956	(19,962)	12	-	**37,006**
Bulk Commodities loans	17,765	2,553	(730)	-	**19,588**
Loans from Dangote Oil & Gas	42,776	(12,724)	(316)	-	**29,736**
Power intervention loan	7,838	(2,626)	-	108	**5,320**
Commercial papers	79,273	58,232	-	-	**137,505**
Bank loans	122,823	(11,983)	(373)	-	**110,467**
	327,431	**13,490**	**(1,407)**	**108**	**339,622**

	Company				
	31/12/18	Financing Cashflows	Exchange (gains)/losses	Others	31/12/19
	₦'million	₦'million	₦'million	₦'million	₦'million
Loans from Dangote Industries Limited	56,956	(19,962)	12	-	**37,006**
Bulk Commodities loans	1,184	-	20	-	**1,204**
Loans from Dangote Oil & Gas	42,776	(12,724)	(316)	-	**29,736**
Power intervention loan	7,838	(2,626)	-	108	**5,320**
Commercial papers	79,273	58,232	-	-	**137,505**
Bank loans	10,218	4,879	(338)	-	**14,759**
	198,245	**27,799**	**(622)**	**108**	**225,530**

	Group				
	31/12/17	Financing Cashflows	Exchange (gains)/losses	Others	31/12/18
	₦'million	₦'million	₦'million	₦'million	₦'million
Subordinated loans	29,998	(29,998)	-	-	**-**
Loans from Dangote Industries Limited	129,597	(72,496)	(145)	-	**56,956**
Bulk Commodities loans	16,159	1,098	508	-	**17,765**
Loans from Dangote Oil & Gas	39,262	3,338	176	-	**42,776**
Power intervention loan	10,225	(2,377)	-	(10)	**7,838**
Commercial papers	-	79,273	-	-	**79,273**
Bank loans	140,221	(11,185)	(6,213)	-	**122,823**
	365,462	**(32,347)**	**(5,674)**	**(10)**	**327,431**

	Company				
	31/12/17	Financing Cashflows	Exchange (gains)/losses	Others	31/12/18
	₦'million	₦'million	₦'million	₦'million	₦'million
Subordinated loans	29,998	(29,998)	-	-	**-**
Loans from Dangote Industries Limited	129,597	(72,496)	(145)	-	**56,956**
Bulk Commodities loans	1,093	-	91	-	**1,184**
Loans from Dangote Oil & Gas	39,262	3,338	176	-	**42,776**
Power intervention loan	10,225	(2,377)	-	(10)	**7,838**
Commercial papers	-	79,273	-	-	**79,273**
Bank loans	18,015	(7,857)	60	-	**10,218**
	228,190	**(30,117)**	**182**	**(10)**	**198,245**

27 Deferred Revenue and other liabilities

27.1 Deferred Revenue	Group 31/12/19 ₦'million	Group 31/12/18 ₦'million	Company 31/12/19 ₦'million	Company 31/12/18 ₦'million
Deferred revenue arising from government grant (refer to (a) below	516	741	156	355
	516	**741**	**156**	**355**
Current (Note 27.2)	147	225	119	199
Non-current	369	516	37	156
	516	**741**	**156**	**355**

a) The deferred revenue mainly arises as a result of the benefit received from government loans received in 2011 and 2012 (see note 26 (b)). The revenue was recorded in other income line.

Movement in Deferred revenue	Group 31/12/19 ₦'million	Group 31/12/18 ₦'million	Company 31/12/19 ₦'million	Company 31/12/18 ₦'million
At 1st January	741	1,147	355	629
Additions during the year	-	-	-	-
	741	1,147	355	629
Released to profit and loss account (Other income)	(227)	(306)	(199)	(274)
Effect of foreign exchange differences	2	(100)	-	-
Closing balance	**516**	**741**	**156**	**355**

27.2 Other current liabilities	Group 31/12/19 ₦'million	Group 31/12/18 ₦'million	Company 31/12/19 ₦'million	Company 31/12/18 ₦'million
Current portion of deferred revenue (Note 27.1)	147	225	119	199
Related party transactions				
Parent company	-	-	-	-
Entities controlled by the parent company	4,161	17,644	1,086	10,529
Affiliates and associates of parent company	29,775	17,316	16,959	14,219
Payables to Subsidiaries	-	-	12,571	12,889
Total of related party transactions	33,936	34,960	30,616	37,637
Other current liabilities	**34,083**	**35,185**	**30,735**	**37,836**

28 Provisions for liabilities and other charges

	Group 31/12/19 ₦'million	Group 31/12/18 ₦'million	Company 31/12/19 ₦'million	Company 31/12/18 ₦'million
Restoration cost	3,684	2,753	1,950	1,310
	3,684	**2,753**	**1,950**	**1,310**

Group	2019 Restoration ₦'million	2019 Others ₦'million	2019 Total ₦'million	2018 Restoration ₦'million	2018 Others ₦'million	2018 Total ₦'million
Balance at beginning of the year	2,753	-	2,753	3,416	-	3,416
Effect of foreign exchange differences	(118)	-	(118)	(168)	-	(168)
Provisions made during the year	706	-	706	(313)	-	(313)
Transfer to short term		-	-	(442)	-	(442)
Unwinding of discount	343	-	343	260	-	260
Balance at the end of the year	**3,684**	**-**	**3,684**	**2,753**	**-**	**2,753**

28 Provisions for liabilities and other charges continued

	Company					
	2019			2018		
	Restoration ₦'million	**Others ₦'million**	**Total ₦'million**	**Restoration ₦'million**	**Others ₦'million**	**Total ₦'million**
Balance at beginning of the year	1,310	-	1,310	2,073	-	2,073
Provisions made during the year	304	-	304	(1,016)	-	(1,016)
Unwinding of discount	336	-	336	253	-	253
Balance at the end of the year	**1,950**	**-**	**1,950**	**1,310**	**-**	**1,310**

The Group's obligations are to settle environmental restoration and dismantling/decommissioning cost of property, plant and equipment when the Group has a legal or constructive obligation to do so. The expenditure is expected to be utilised at the end of the useful lives for the mines.

29 Employee benefits

	Group		Company	
29.1 Defined contribution plans	**31/12/19 ₦'million**	**31/12/18 ₦'million**	**31/12/19 ₦'million**	**31/12/18 ₦'million**
Balance at beginning of the year	461	266	7	8
Provision for the year	2,181	2,117	1,259	1,075
Payments during the year	(2,249)	(1,922)	(1,258)	(1,076)
Balance at the end of the year	**393**	**461**	**8**	**7**

Provisions for staff pensions have been made in the financial statements in accordance with the relevant pension rules applicable in the country. The accrual at 31st December 2019 amounted to ₦393 million (2018: ₦461 million) for the Group.

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

The total expense recognised in profit or loss of ₦2.18 billion (2018: ₦2.12 billion) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

30. Financial Instruments

30.1 Capital Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 26 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed below.

	Group		Company	
	31/12/19 ₦'million	**31/12/18 ₦'million**	**31/12/19 ₦'million**	**31/12/18 ₦'million**
Net debt	227,531	168,405	169,743	89,265
Equity	897,937	986,613	1,282,249	1,293,548

The Finance committee reviews the capital structure of the Group on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group endeavours to maintain an optimum mix of net debt to equity ratio which provides benefits of trading on equity without exposing the Group to any undue long term liquidity risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain the capital or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new and/or bonus shares, or raise debts in favourable market conditions.

30. Financial Instruments continued

The net debt to equity ratio as on 31st December 2019 is 25% (2018: 17%).

30.1.1 Debt to equity ratio

The debt to equity ratio at end of the reporting year was as follows.

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Financial debt (Note 26)	351,434	335,301	225,530	198,245
Cash and bank balances (Note 32.1)	123,903	166,896	55,787	108,980
Net debt	227,531	168,405	169,743	89,265
Equity	897,937	986,613	1,282,249	1,293,548
Net debt/ Equity ratio	0.25	0.17	0.13	0.07

30.2 Categories of financial instruments

	Group				
31/12/19	**Amortised Cost ₦'million**	**FVTOCI ₦'million**	**Total Finanacial ₦'million**	**Non Financial ₦'million**	**Total ₦'million**
Assets					
Property, plant and equipment	-	-	-	1,206,749	1,206,749
Intangible assets	-	-	-	3,663	3,663
Right of use assets	-	-	-	11,956	11,956
Investments in subsidiaries	-	-	-	-	-
Investment in associate	-	-	-	4,961	4,961
Finance lease receivables	15,551	-	15,551	-	15,551
Deferred tax asset	-	-	-	44,768	44,768
Prepayments for property, plant & equipment	-	-	-	51,233	51,233
Inventories	-	-	-	114,806	114,806
Trade and other receivables	30,001	-	30,001	-	30,001
Prepayments and other current assets	95,941	-	95,941	31,101	127,042
Current income tax receivables	-	-	-	6,718	6,718
Cash and bank balances	123,903	-	123,903	-	123,903
	265,396	-	265,396	1,475,955	1,741,351
Liabilities					
Trade and other payables	205,764	-	205,764	78,975	284,739
Current income tax payable	-	-	-	49,932	49,932
Financial liabilities	367,910	-	367,910	-	367,910
Other current liabilities	33,936	-	33,936	147	34,083
Lease liabilities	8,856	-	8,856	-	8,856
Deferred tax liabilities	-	-	-	93,841	93,841
Long term provisions and other charges	-	-	-	3,684	3,684
Deferred revenue	-	-	-	369	369
Total financial liabilities	616,466	-	616,466	226,948	843,414

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

30. Financial Instruments continued

Group

31/12/18	Amortised Cost ₦'million	FVTOCI ₦'million	Total Finanacial ₦'million	Non Financial ₦'million	Total ₦'million
Assets					
Property, plant and equipment	-	-	-	1,171,864	1,171,864
Intangible assets	-	-	-	5,969	5,969
Investment in associate	-	-	-	4,312	4,312
Finance lease receivables	8,855	-	8,855	-	8,855
Deferred tax asset	-	-	-	40,622	40,622
Prepayments for property, plant & equipment	-	-	-	36,383	36,383
Inventories	-	-	-	106,998	106,998
Trade and other receivables	44,468	-	44,468	-	44,468
Prepayments and other current assets	66,013	-	66,013	35,870	101,883
Current income tax receivables	-	-	-	6,213	6,213
Cash and bank balances	166,896	-	166,896	-	166,896
	286,232	-	286,232	1,408,231	1,694,463
Liabilities					
Trade and other payables	195,145	-	195,145	35,825	230,970
Current income tax payable	-	-	-	9,223	9,223
Financial liabilities	345,853	-	345,853	-	345,853
Other current liabilities	34,960	-	34,960	225	35,185
Deferred tax liabilities	-	-	-	83,350	83,350
Long term provisions and other charges	-	-	-	2,753	2,753
Deferred revenue	-	-	-	516	516
Total financial liabilities	575,958	-	575,958	131,892	707,850

Company

31/12/19	Amortised Cost ₦'million	FVTOCI ₦'million	Total Finanacial ₦'million	Non Financial ₦'million	Total ₦'million
Assets					
Property, plant and equipment	-	-	-	545,834	545,834
Intangible assets	-	-	-	69	69
Right of use assets	-	-	-	994	994
Investments in subsidiaries	-	-	-	162,071	162,071
Investment in associate	-	-	-	1,582	1,582
Finance lease receivables	15,551	-	15,551	-	15,551
Deferred tax asset	-	-	-	14,356	14,356
Prepayments for property, plant & equipment	-	-	-	5,690	5,690
Other receivables	663,113	-	663,113	-	663,113
Inventories	-	-	-	67,736	67,736
Trade and other receivables	11,608	-	11,608	-	11,608
Prepayments and other current assets	257,940	-	257,940	14,941	272,881
Current income tax receivables	-	-	-	6,712	6,712
Cash and bank balances	55,787	-	55,787	-	55,787
	1,003,999	-	1,003,999	819,985	1,823,984
Liabilities					
Trade and other payables	79,871	-	79,871	49,976	129,847
Current income tax payable	-	-	-	49,127	49,127
Financial liabilities	240,566	-	240,566	-	240,566
Other current liabilities	30,616	-	30,616	119	30,735
Lease liabilities	-	-	-	-	-
Deferred tax liabilities	-	-	-	89,473	89,473
Long term provisions and other charges	-	-	-	1,950	1,950
Deferred revenue	-	-	-	37	37
Total financial liabilities	351,053	-	351,053	190,682	541,735

30. Financial Instruments continued

31/12/18	Amortised Cost ₦'million	FVTOCI ₦'million	Company Total Finanacial ₦'million	Non Financial ₦'million	Total ₦'million
Assets					
Property, plant and equipment	-	-	-	535,934	535,934
Intangible assets	-	-	-	48	48
Investments in subsidiaries	-	-	-	162,071	162,071
Investment in associate	-	-	-	1,582	1,582
Finance lease receivables	8,855	-	8,855	-	8,855
Deferred tax asset	-	-	-	14,561	14,561
Prepayments for property, plant & equipment	-	-	-	-	-
Other receivables	560,277	-	560,277	-	560,277
Inventories	-	-	-	59,820	59,820
Trade and other receivables	11,046	-	11,046	-	11,046
Prepayments and other current assets	230,324	-	230,324	22,265	252,589
Cash and bank balances	108,980	-	108,980	-	108,980
	919,482	-	919,482	796,281	1,715,763
Liabilities					
Trade and other payables	73,315	-	73,315	19,564	92,879
Current income tax payable	-	-	-	8,608	8,608
Financial liabilities	207,604	-	207,604	-	207,604
Other current liabilities	37,637	-	37,637	199	37,836
Deferred tax liabilities	-	-	-	80,033	80,033
Long term provisions and other charges	-	-	-	1,310	1,310
Deferred revenue	-	-	-	156	156
Total financial liabilities	318,556	-	318,556	109,870	428,426

30.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group and analyses exposures by degree and magnitude of risks. These risks include market risk, credit risk, and liquidity risk.

30.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (Note 30.5.1) and interest rates (Note 30.7.2).

30.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Income is primarily earned in local currency for most of the locations with a significant portion of capital expenditure being in foreign currency. The Group manages foreign currency by monitoring our financial position in each country we operate with the aim of having assets and liabilities denominated in the functional currency as much as possible. The carrying amounts of the Group and Company’s foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

	Group			
	Liabilities		Assets	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
US Dollars	156,448	269,921	9,442	35,580

	Company			
	Liabilities		Assets	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
US Dollars	100,005	214,311	783,520	740,079

30. Financial Instruments continued

30.5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollars.

The following table details the Group and Company's sensitivity to a 15% (2018:15%) increase and decrease in the Naira against the US Dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity for a 15% change in the exchange rates. A negative number below indicates a decrease in profit or equity for a 15% change in the exchange rates.

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Effect on Profit or loss/Equity for a 15% (2018:15%) appreciation	15,436	24,606	(71,769)	(55,206)
Effect on Profit or loss/Equity for a 15% (2018:15%) depreciation	(15,436)	(24,606)	71,769	55,206

This is mainly attributable to the exposure outstanding on US dollar receivables and payables at the end of the reporting period.

30.6 Credit risk management

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group's and Company's business is predominantly on a cash basis. Revolving credits granted to major distributors and very large corporate customers approximate about ₦4.17 billion and these are payable within 30 days. Stringent credit control is exercised over the granting of credit, this is done through the review and approval by executive management based on the recommendation of the credit control group.

Credits to major distributors are covered by bank guarantee with an average credit period of no more than 15 days.

For very large corporate customers, clean credits are granted based on previous business relationships and positive credit worthiness which is performed on an on-going basis. These credits are usually payable at no more than 30 days.

The Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as related entities with similar characteristics.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

30. Financial Instruments continued

30.6.1 Exposure to Credit risk

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades

				Group			
31/12/19	**Note**	**External credit ratimg**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Finance lease receivables	22	N/A	ii	Lifetime ECL	15,551	-	**15,551**
Trade and other receivables	21	N/A	ii	Lifetime ECL	31,157	(1,156)	**30,001**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	95,941	-	**95,941**
Cash and bank balances	32.1	i	i	i	123,903	-	**123,903**
Total					**266,552**	**(1,156)**	**265,396**

				Group			
31/12/18	**Note**	**External credit ratimg**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Finance lease receivables	22	N/A	ii	Lifetime ECL	8,855	-	**8,855**
Trade and other receivables	21	N/A	ii	Lifetime ECL	45,814	(1,346)	**44,468**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	66,013	-	**66,013**
Cash and bank balances	32.1	i	i	i	166,896	-	**166,896**
Total					**287,578**	**(1,346)**	**286,232**

				Company			
31/12/19	**Note**	**External credit ratimg**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Finance lease receivables	22	N/A	ii	Lifetime ECL	15,551	-	**15,551**
Other receivables	31	N/A	ii	Lifetime ECL	663,113	-	**663,113**
Trade and other receivables	21	N/A	ii	Lifetime ECL	12,741	(1,133)	**11,608**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	257,940	-	**257,940**
Cash and bank balances	32.1	i	i	i	55,787	-	**55,787**
Total					**1,005,132**	**(1,133)**	**1,003,999**

				Company			
31/12/18	**Note**	**External credit ratimg**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Finance lease receivables	22	N/A	ii	Lifetime ECL	8,855	-	**8,855**
Other receivables	31	N/A	ii	Lifetime ECL	560,277	-	**560,277**
Trade and other receivables	21	N/A	ii	Lifetime ECL	12,318	(1,272)	**11,046**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	230,324	-	**230,324**
Cash and bank balances	32.1	i	i	i	108,980	-	**108,980**
Total					**920,754**	**(1,272)**	**919,482**

(i) All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions with good credit rating by rating agencies

(i) For finance leases and trade receivables, the simplified approach to measure the loss allowance at lifetime ECL has been applied.

30.7 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and preference shares. The Group has access to sufficient sources of funds directly from external sources as well as from the Group's parent.

30. Financial Instruments continued

30.7.1 Liquidity maturity table

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

	Group			
As at 31st December 2019	**<1 month ₦'million**	**1– 3 months ₦'million**	**3 mths – 1yr ₦'million**	**>1 year ₦'million**
Trade and other payables	202,450	-	3,314	-
Financial liabilities	28,802	153,722	90,370	112,779
Lease liabilities	-	-	1,409	7,447
Other current liabilities	33,936	-	-	-
Total	**265,188**	**153,722**	**95,093**	**120,226**
	<1 month ₦'million	**1– 3 months ₦'million**	**3 mths – 1yr ₦'million**	**>1 year ₦'million**
As at 31st December 2018				
Trade and other payables	177,485	-	17,660	-
Financial liabilities	19,839	7,006	213,634	138,501
Other current liabilities	34,960	-	-	-
Total	**232,284**	**7,006**	**231,294**	**138,501**

	Company			
As at 31st December 2019	**<1 month ₦'million**	**1– 3 months ₦'million**	**3 mths – 1yr ₦'million**	**>1 year ₦'million**
Trade and other payables	76,557	-	3,314	-
Financial liabilities	16,157	131,832	57,940	39,759
Other current liabilities	30,616	-	-	-
Total	**123,330**	**131,832**	**61,254**	**39,759**
As at 31st December 2018	**<1 month ₦'million**	**1– 3 months ₦'million**	**3 mths – 1yr ₦'million**	**>1 year ₦'million**
Trade and other payables	69,792	-	3,523	-
Financial liabilities	9,810	288	145,536	62,400
Other current liabilities	37,637	-	-	-
Total	**117,239**	**288**	**149,059**	**62,400**

30.7.2 Interest Risk

The following table details the sensitivity to a 1% (2018: 1%) increase or decrease in interest rates.

	Group		**Company**	
	31/12/19 ₦'million	**31/12/18 ₦'million**	**31/12/19 ₦'million**	**31/12/18 ₦'million**
Effect on Profit or loss/Equity for a 1% (2018:1%) increase in rate	(934)	(978)	2,466	2,224
Effect on Profit or loss/Equity for a 1% (2018:1%) decrease in rate	934	978	(2,466)	(2,224)

30.7.3 Fair valuation of financial assets and liabilities

The carrying amount of trade and other receivables, cash and bank balances and amounts due from and to related parties as well as trade payables, other payables approximate their fair values because of the short-term nature of these instruments and, for trade and other receivables, because of the fact that any loss from recoverability is reflected in an impairment loss. The fair values of financial debt approximate the carrying amount as the loans are pegged to market rates and reset when rates change.

31. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Group and Company, and other related parties are disclosed below.

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

31.1 Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sale of goods		Purchases of goods	
	31/12/19	31/12/18	31/12/19	31/12/18
	₦'million	₦'million	₦'million	₦'million
Parent company	-	-	-	-
Entities controlled by the parent company	20,673	19,990	139,324	90,709
Affiliates and associates of the parent company	-	462	24,863	58,599

During the year, the company entered into the following trading transactions with related parties:

	Sale of goods		Purchases of goods	
	31/12/19	31/12/18	31/12/19	31/12/18
	₦'million	₦'million	₦'million	₦'million
Parent company	-	-	-	-
Entities controlled by the parent company	20,673	19,036	112,301	85,865
Affiliates and associates of the parent company	-	-	6,516	4,242

In addition to sales and purchases of goods, the Company charged interest amounting to ₦32.8 billion (2018: ₦29.9 billion) on loans granted to subsidiaries. This interest is eliminated on consolidation.

Also during the year, the parent company charged the Group a total interest of ₦6.9 billion (2018: ₦12.5 billion), being the cost of borrowing to finance capital projects and other operational expenses.

Balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

The following balances were outstanding at the end of the reporting year:

	Group			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/19	31/12/18	31/12/19	31/12/18
	₦'million	₦'million	₦'million	₦'million
Current				
Parent company	7,141	524	-	-
Entities controlled by the parent company	88,759	65,481	4,161	17,644
Affiliates and associates of parent company	40	-	29,775	17,316
	95,940	66,005	33,936	34,960

31. Related party transactions continued

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Non Current				
Entities controlled by the company	663,113	560,277	-	-

The above balances represents expenditures on projects in African countries. These are not likely to be repaid within the next twelve months and have been classified under non-current assets.

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Current				
Parent company	7,141	524	-	-
Entities controlled by the parent company	83,435	61,627	1,086	10,529
Affiliates and associates of the parent company	-	-	16,959	14,219
Subsidiaries of the company	167,364	168,173	12,571	12,889
	257,940	230,324	30,616	37,637

31.2 Loans from related parties

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Affiliates and associates of the parent company	19,588	17,765	1,204	1,184
Entities controlled by the parent company	29,736	42,776	29,736	42,776
Loans from parent company	37,006	56,956	37,006	56,956

31.3 Compensation of key management personnel

The remuneration of directors wh are the members of key management personnel during the year was as follows:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Short-term benefits	841	1,116	822	1,116
	841	**1,116**	**822**	**1,116**

Other related party transactions

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of ₦4.0 billion (2018: ₦3.63 billion) was charged, being an allocation of costs incurred by relevant administrative departments.

32. Supplemental cash flow disclosures

32.1 Cash and cash equivalents

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Cash and bank balances	84,142	94,704	30,001	46,810
Short term deposits	39,761	72,192	25,786	62,170
Total cash and bank balances	123,903	166,896	55,787	108,980
Bank overdrafts used for cash management purposes	(11,812)	(7,870)	-	-
Cash and cash equivalents	**112,091**	**159,026**	**55,787**	**108,980**

Cash and cash equivalents include restricted cash of ₦4.02 billion (2018: ₦22.03 billion) on letters of credit for the acquisition of inventories and property, plant and equipment.

33. Lease liabilities

	Group		Company	
Maturity analysis	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Year 1	1,472	-	-	-
Year 2	1,316	-	-	-
Year 3	1,190	-	-	-
Year 4	1,132	-	-	-
Year 5	911	-	-	-
Later than 5 years	42,507	-	-	-
	48,528	-	-	-
Less unearned interest	(39,672)	-	-	-
	8,856	-	-	-
Analysed as				
Current	1,409	-	-	-
Non- Current	7,447	-	-	-
	8,856	-	-	-

34. Commitments for expenditure

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Commitments for the acquisition of property, plant and equipment	124,253	96,156	8,023	47,001

35. Contingent liabilities and contingent assets

No provision has been made in these consolidated and separate financial statements for contingent liabilities in respect of litigations and claims against the Company and its subsidiaries to ₦76.3 billion (2018: ₦67.2 billion) and ₦74.1 billion (2018: ₦67.2 billion) for Group and Company respectively. According to the legal advisors, liabilities arising, if any, are not likely to be significant.

36. Subsequent Events

On 25th February, 2020 a dividend of ₦16.00 per share was proposed by the directors for approval at the Annual General Meeting. This will result in a dividend payment of ₦272.6 billion.

On 22nd January, 2020, shareholders approved a share buyback programme. The registration process to deploy this programme in 2020 is ongoing and is dependent on various regulatory approvals.

DANGOTE CEMENT PLC

FIVE -YEAR FINANCIAL SUMMARY
OTHER NATIONAL DISCLOSURE

	2019	2018	2017	2016	2015
GROUP	**₦'million**	**₦'million**	**₦'million**	**₦'million**	**₦'million**
BALANCE SHEET					
ASSETS/LIABILITIES					
Property, plant and equipment	1,206,749	1,171,864	1,192,140	1,155,711	917,212
Intangible assets	3,663	5,969	6,355	4,145	2,610
Right of use assets	11,956	-	-	-	-
Investments	4,961	4,312	3,749	1,582	1,582
Prepayments for property, plant & equipment	51,233	36,383	16,101	13,196	9,094
Finance lease receivables	11,285	6,475	6,614	-	-
Net current liabilities	(224,058)	(66,668)	(110,177)	(222,629)	(36,932)
Deferred taxation assets/(liabilities)	(49,073)	(42,728)	(86,273)	(51,856)	(35,876)
Long term debts	(107,279)	(125,725)	(242,894)	(152,475)	(208,329)
Long term payables	-	-	-	(17,730)	(24,442)
Staff gratuity	-	-	-	-	(3,992)
Other non-current liabilities	(11,500)	(3,269)	(4,255)	(4,416)	(4,258)
NET ASSETS	**897,937**	**986,613**	**781,360**	**725,528**	**616,669**
CAPITAL AND RESERVES					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital Contribution	2,877	2,877	2,877	2,877	2,877
Employee Benefit Reserve	-	-	-	-	(1,007)
Currency Translation Reserve	55,974	72,605	75,441	78,964	**(22,366)**
Revenue reserve	776,839	848,695	639,462	605,662	592,450
Non controlling interest	11,297	11,486	12,630	(12,925)	(6,235)
	897,937	**986,613**	**781,360**	**725,528**	**616,669**
Turnover, Profit or Loss account					
Turnover	891,671	901,213	805,582	615,103	491,725
Profit before taxation	250,479	300,806	289,590	180,929	188,294
Taxation	(49,958)	89,519	(85,342)	(38,071)	(35,022)
Profit after taxation	200,521	390,325	204,248	142,858	153,272
Per share data (Naira):					
Earnings - (Basic & diluted)	11.79	22.83	11.65	8.78	9.21
Net assets	52.69	57.90	45.85	42.58	36.19

Earnings per share are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

DANGOTE CEMENT PLC

FIVE -YEAR FINANCIAL SUMMARY
OTHER NATIONAL DISCLOSURE

COMPANY	31/12/2019	31/12/19	31/12/18	31/12/2016	31/12/2015
BALANCE SHEET	**₦'million**	**₦'million**	**₦'million**	**₦'million**	**₦'million**
ASSETS/(LIABILITIES)					
Property, plant and equipment	545,834	535,934	549,962	569,017	577,017
Intangible assets	69	48	37	113	385
Right of use	994	-	-	-	-
Investments	163,653	163,653	163,539	80,255	27,657
Receivables from subsidiaries	817,906	715,561	594,783	601,871	383,845
Prepayments for property, plant & equipment	5,690	-	1,600	-	-
Finance lease receivables	11,285	6,475	6,614	-	-
Net current asset/(liabilities)	(146,378)	983	(56,078)	(210,171)	(30,214)
Deferred taxation (liabilities)/assets	(75,117)	(65,472)	(109,817)	(70,741)	(36,981)
Long term debts	(39,700)	(62,168)	(157,195)	(86,182)	(181,384)
Long term payables	-	-	-	-	(24,442)
Staff gratuity	-	-	-	-	(3,992)
Other non-current liabilities	(1,987)	(1,466)	(2,428)	(2,931)	(1,594)
NET ASSETS	**1,282,249**	**1,293,548**	**991,017**	**881,231**	**710,297**
CAPITAL AND RESERVES					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital contribution	2,828	2,828	2,828	2,828	2,828
Employee benefit reserve	-	-	-	-	(1,007)
Revenue reserve	1,228,471	1,239,770	937,239	827,453	657,526
	1,282,249	**1,293,548**	**991,017**	**881,231**	**710,297**
Turnover, Profit or Loss account					
Turnover	610,247	618,301	552,364	426,129	389,215
Profit before taxation	315,420	392,223	342,153	355,016	212,416
Taxation	(54,071)	89,233	(87,523)	(48,765)	(34,136)
Profit after taxation	261,349	481,456	254,630	306,251	178,280
Per share data (Naira):					
Earnings - (Basic & diluted)	15.34	28.25	14.94	17.97	10.46
Net assets	75.25	75.91	58.16	51.71	41.68

Earnings per share are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

DANGOTE CEMENT PLC

STATEMENT OF VALUE ADDED
OTHER NATIONAL DISCLOSURE

	Group				Company			
	2019 ₦'million	%	2018 ₦'million	%	2019 ₦'million	%	2018 ₦'million	%
Sales	891,671		901,213		610,247		618,301	
Finance Income	7,610		11,323		47,558		79,378	
Other income	2,980		10,222		1,247		3,783	
	902,261		922,758		659,052		701,462	
Bought-in-materials and services:								
- Imported	(149,220)		(178,831)		(83,110)		(78,566)	
- Local	(284,845)		(239,859)		(142,322)		(123,686)	
Value added	**468,196**	**100**	**504,068**	**100**	**433,620**	**100**	**499,210**	**100**
Applied as follows:								
To pay employees:								
Salaries, wages and other benefits	62,784	14	57,281	12	36,912	9	32,613	7
To pay Government:								
Current taxation	45,879	10	(43,401)	(9)	44,426	10	(44,888)	(9)
Deferred taxation	5,876	1	(46,118)	(9)	11,442	3	(44,345)	(9)
To pay providers of capital:								
Finance charges	57,673	12	49,778	10	26,037	6	22,565	5
To provide for maintenance of fixed assets:								
- Depreciation	94,896	20	95,578	19	53,432	12	51,793	10
- Amortization	567	-	625	-	22	-	16	-
Retained in the Group:								
- Non controlling interest	(414)	-	1,342	-	-	-	-	-
- Profit and loss account	200,935	43	388,983	77	261,349	60	481,456	96
	468,196	**100**	**504,068**	**100**	**433,620**	**100**	**499,210**	**100**

Value added represents the additional wealth which the Group and company have been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth to employees, government, providers of finance, and that retained for future creation of more wealth.