DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2021

Dangote Cement Plc

Consolidated and separate financial statements for the year ended 31 December 2021

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DIRECTORS' REPORT

Report of the Directors

The Directors of Dangote Cement Plc present the Consolidated and Separate Financial Statements for the year ended 31st December 2021. The Directors have considered all the matters brought before them in the financial year under review and are satisfied that the Directors' Report represents a fair, balanced and realistic view of events.

Legal Form

Obajana Cement Plc., subsequently renamed Dangote Cement Plc by virtue of a special resolution dated 14th July 2010, was incorporated in Nigeria as a public limited company on 4th November 1992 and commenced operations in January 2007. Dangote Cement Plc listed its shares on the Nigerian Exchange Group ("the Exchange") on 26th October 2010, and it has a market capitalisation of N4.3 trillion as at 31st December 2021.

Principal Activities

The Company was incorporated for the purpose of establishing factories for the preparation, manufacture, sale and distribution of cement and related products. Our operational activities are undertaken at various plants in Nigeria and through our subsidiaries across Africa. Details of our production, grinding and import facilities in Africa can be found in note 18 of the Financial Statements.

Subsequent Events

Other than those disclosed in note 36 of the Financial Statements, there were no other events after the reporting date which could have had a material effect on the financial position of the Group as of 31st December 2021, which have not been adequately provided for in the Financial Statements.

Directors' Responsibilities

The Directors are responsible for preparing the financial statements, which they confirm gives a true and fair view of the company's state of affairs and the profit or loss for that period. The financial statements comply with the provisions of the Companies and Allied Matters Act (CAMA), 2020. In so doing, they ensure that they act in accordance with the Directors' responsibilities outlined below:

1. The Board is charged with ensuring that appropriate values and ethics f of the Company are agreed and that appropriate procedures and policies are in place to ensure that these are implemented effectively. The Board ensures leadership through oversight and review. Supported by its Committees, the Board sets the Company's strategic direction and aims to deliver a sustainable increase in shareholder value over the longer term.

2. The Board ensures that proper accounting records are maintained. The accounting policies are consistently applied, and appropriate financial statements are prepared on a going concern basis, conforming to applicable law and standards. Most of this responsibility is delegated to the Board Finance and Investment Committee.

3. The Board ensures that internal control procedures are established to safeguard the Company's assets and detect fraud and other irregularities. It also oversees the implementation of risk assessment processes to identify, manage and mitigate the principal risks of the Company's business. Much of this work is delegated to the Board Audit, Risk and Compliance Committee.

4. The Board reviews the remuneration framework, performance criteria and succession planning at Board and Executive Management level. It also oversees the Group's human resources strategy, including the organizational and compensation structures. Much of these responsibilities are delegated to the Board Remuneration, Governance and Nomination Committee.

5. The Board reviews the structure of the Board and develops governance policies in line with regulatory requirements and international best practices. Many of these responsibilities are delegated to the Board Remuneration, Governance and Nomination Committee.

Directors' Report continued

6. The Board ensures that the technical and operational aspects of the business are conducted in line with global best practices. It assesses the feasibility of proposed new projects and ensures that plant operations comply with local and international laws and align with our business goals. Also, it is responsible for overseeing new technology and development programmes of the business. Many of these responsibilities are delegated to the Board Technical and Sustainability Committee.

Board Committees

The Board Committees do not assume the functions of management, which remain the responsibility of the Group Managing Director and Executive Management. Members of Senior Management are invited to attend meetings of Board Committees as required, while the Committee Chairmen hold further meetings with certain members of Executive Management to better review areas of concern. The reports of the Committees are presented at Board meetings. As part of the review of the effectiveness of its Committees, the Board has considered the qualifications and experience of the members and is satisfied that all the Committee members bring a wide range of knowledge and skill and will effectively discharge their duties. The Company Secretary is the Secretary to each Committee.

Results for The Year

• Group revenue increased by 34% to ₦1,384 billion (2020: ₦1,034 billion).

• Company revenue increased by 38% to ₦994 billion (2020: ₦720 billion)

• Group net profit increased by 32% to ₦364 billion (2020: ₦276.1 billion).

• Company net profit increased by 8% to ₦381 billion (2020: ₦352.6 billion).

• Group earnings per share increased by 32% to ₦21.24 (2020: ₦16.14).

• Company earnings per share increased by 8% to ₦22.42 (2020: ₦20.69).

Dividends

The Directors pursue a dividend policy that reflects the Company's earnings and cash flow, while maintaining appropriate levels of dividend cover. They consider the capital needed to fund the Company's operations and expansion plans. For the 2021 financial year, the Directors are pleased to recommend a dividend of ₦20.00 per ordinary 50 kobo share (2020: ₦16.00). The Board considers that the proposed dividend is appropriate and is in line with the Company's strategic growth objectives. If the shareholders approve this dividend at the Annual General Meeting, dividends will be paid to the shareholders whose names are registered in the Company's Register of Members at the close of business on the Qualification Date.

Unclaimed Dividends

The total unclaimed dividends outstanding as of 31st December 2021 is ₦4.6 billion (2020: ₦4.0 billion). A list of unclaimed dividends is available on the Company's website at www.dangotecement.com. The Company notes that some dividend warrants remain unclaimed. Shareholders with unclaimed share certificates or dividends should address their claims to Coronation Registrars Ltd registrars at eforms@coronationregistrars.com or 9, Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria. Members are encouraged to notify the registrars of any changes in their details.

Directors

As of 26th February 2022, Dangote Cement Plc had 14 Directors, all of whom held office as of the 31st December 2021. Arvind Pathak resigned on 25th February 2021, while Philip Mathew and Halima Aliko-Dangote were appointed on 15th September 2021 and 26th February 2022, respectively. Sani Dangote passed away on 14th November 2021. The appointment, removal or reappointment of Directors is governed by the Company's Articles of Association, the Companies and Allied Matters Act (CAMA), 2020, and board and governance policies. These documents also set out the rights and obligations of Directors. In accordance with the Articles of Association of Dangote Cement Plc, prevailing legislation and any directions via resolution, the business of the Company is managed by the Directors, who in good faith, exercise all such powers on behalf of the Company.

Directors' Report continued

Directors' Interests

In accordance with the Companies and Allied Matters Act (CAMA), 2020, the Directors' interests in the issued share capital of the Company are recorded in the Register of Members and stated below:

S/N	Shareholder	As of 26th February 2022	As of 31st December 2021	As of 31st December 2020
		Units	Units	Units
1a	Aliko Dangote	27,642,637	27,642,637	27,642,637
1b	(Indirect: Aliko Dangote) Dangote Industries Ltd.	14,621,387,610	14,621,387,610	14,621,387,610
2	Sani Dangote	0	0	0
3	Olakunle Alake	8,000,000	8,000,000	8,000,000
4	Abdu Dantata	8,680	8,680	8,680
5	Devakumar V. G. Edwin	6,000,000	6,000,000	6,000,000
6	Ernest Ebi	100,000	100,000	100,000
7a	Emmanuel Ikazoboh	0	0	0
7b	(Indirect: Emmanuel Ikazoboh) Arm Nom: Osigbeme, Enterprises Limited	58,149	58,149	58,149
7c	(Indirect: Emmanuel Ikazoboh) Arm Nom: Emmanuel Osigbeme Ikazoboh	0	0	0
8a	Douraid Zaghouani	0	0	0
8b	(Indirect: Douraid Zaghouani) Investment Corporation of Dubai	243,540,000	243,540,000	243,540,000
9a	Viswanathan Shankar	0	0	0
9b	(Indirect: Viswanathan Shankar) GW Grey, Pte Ltd	128,560,764	128,560,764	128,560,764
10	Dorothy Udeme Ufot	0	0	0
11	Mick Davis	0	0	0
12	Cherie Blair	0	0	0
13	Michel Puchercos	0	0	0
14	Berlina Moroole	0	0	0
15	Arvind Pathak	0	0	0
16	Philip Mathew	0	0	0

Conflicts of Interest

The Company maintains a Register of Directors' interest in accordance with the requirements of the Companies and Allied Act (CAMA), 2020. The Company also applies a conflict of interest Policy developed in accordance with corporate governance codes, as well as the Investment and Securities Act, 2007. The Company also applies a Conflict of Interest Policy developed in accordance with international best practices, as well as the Corporate Governance Codes.

Supplier Payment Policy

It is the practice of the Company to agree on the terms of payment negotiated with suppliers and pay according to those terms based upon receipt of accurate invoices. Trade creditor days for the year ended 31st December 2021 were 70 days on average for the Group (2020: 61 days) and 76 days for the Company (2020: 67 days).

Property, Plant And Equipment

Information relating to changes in property, plant and equipment is disclosed in note 15 of the Financial Statements.

Donations

Sponsorship and charitable donations amounted to ₦2.5 billion (2020: ₦2.9 billion) for the Group and ₦2.0 billion (2020: ₦2.5 billion) for the Company.

Sustainability

Dangote Cement Plc is committed to complying with all applicable legislation, regulations and codes of practice. We integrate sustainability considerations into all our business decisions and ensure that our stakeholders are aware of our Sustainability Policy.

Directors' Report continued

Corporate Governance and Investor Relations

During the financial year under review, the Company complied with the NGX Rules and has not been fined by the FRC, SEC, nor NGX for any infringements. The Board engaged an external consultant to carry out corporate governance and board evaluation. The result indicated that the Corporate Governance framework in Dangote Cement Plc complies with the extant Codes of Corporate Governance provisions. The Company pursues an active investor relations programme with investor meetings and earnings calls throughout the year. Our website contains information about the Company's performance and strategy.

Employees

Dangote Cement Plc operates a policy of non-discrimination and considers all employment applications equitably. Efforts are made to ensure that the most qualified person is recruited for the position, irrespective of religion, ethnic group, physical condition or state of origin. While no disabled people were employed during the period under review, it is the policy where existing employees become disabled to provide continuing employment under similar or, if possible adjusted conditions. We review our employment policies in line with the strategic objectives of our business and ensure that information is disseminated to employees through various means, including through notice boards and company emails. We consult employees regularly to ensure that their views are considered when making decisions that are likely to affect their interests and to achieve a shared awareness of the factors affecting the Company.

Health, safety at work and welfare of employees

Dangote Cement Plc recognises the importance of safeguarding the health and safety of its workforce. Safety and environment workshops are organised, while fire prevention and firefighting equipment are installed in strategic locations in the offices and plants. The Company provides personal protective equipment (PPE) and other safety equipment and has developed several Health, Safety, Security and Environment (HSSE) policies, including the 15 HSSE Golden Rules.

Training and development

Dangote Cement Plc is committed to supporting the development of all its employees. The fundamental purpose is to facilitate personal and professional development enabling individuals to achieve their full potential at work. The Dangote Academy offers training programmes for employees across the Group, with facilitation from professionals and other training experts. The courses are designed to help employees in the performance of their designated roles and to help them to fulfil their potential. Our policy is that all employees have at least one annual performance review a year, with their head of department or line manager. Training and development needs will be assessed, and ways of meeting these will be identified, and an appropriate timescale agreed.

Retirement Benefits

The Company operates a group life policy and a contributory pension scheme for its employees in Nigeria, in line with the provisions of the Pension Reform Act 2014. The scheme is funded through employees' and employers' contributions as prescribed by the Act.

Research and innovation

With rapid urbanisation and population growth in Africa, the Company realises that meeting housing and infrastructure needs will be a challenge. We are constantly looking for new product solutions to respond to these construction challenges.

Capital structure

The Company has one class of ordinary shares, which reflect the total value of the share capital. Each ordinary share carries the right to one vote at the Company's Annual General Meeting. The shareholding and transfer of shares are governed by the Company's Articles of Association and relevant regulations. There are no restrictions with respect thereto. The Articles of Association may be amended by a special resolution approved by the shareholders.

Directors' Report continued

Substantial interest in shares

All shares other than treasury shares and shares held by Dangote Industries Limited (85.8%) and Aliko Dangote (0.16%) are considered free float shares. Aliko Dangote is the ultimate owner of Dangote Industries Limited. All issued shares are fully paid, and no additional shares were issued during the year under review. As of 31st December 2021, and 26th February 2022, Dangote Industries Limited and Stanbic IBTC Nominees Nigeria Ltd held more than 5% of the company's issued share capital detailed below. Aside from Dangote Industries Limited and Stanbic IBTC Nominees Nigeria Limited, no other individual(s) or entity(s) hold(s) 5% and above of the Company's shares.

Date	**Details**	**Dangote Industries Ltd.**	**Stanbic IBTC Nominees Ltd**
As of 31st December 2020,	Units	14,621,387,610	974,097,274
	%	85.8	5.7
As of 30th December 2021,	Units	14,621,387,610	962,835,709
	%	85.8	5.7
As of 26th February 2022,	Units	14,621,387,610	962,222,558
	%	85.8	5.7

Share Buyback Programme

The Company's shareholders approved the execution of the Share Buy-Back Programme at the Extraordinary General Meeting, which was held on 21st January 2020. This Programme, which involves the Company's buy-back of up to 10% of its issued shares, will be effected in tranches. The execution of tranches I and II did not have any material impact on the Company's financial position. Further details are as follows:

Share Capital Analysis	**Units**
Pre-Buy-Back number of shares	17,040,507,404
Shares bought back from 30th to 31st December 2020 (Tranche I)	(40,200,000)
Shares bought back from 19th to 20th January 2022 (Tranche II)	(126,748,153)
Total number of residual issued and fully paid outstanding shares	**16,873,559,251**
Number of shares cancelled.	Nil

Independent Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA), 2020, therefore, the independent auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed. A resolution will however be proposed authorising the Directors to fix their renumeration.

By the Order of the Board of Directors.

Edward Imoedemhe
Deputy Company Secretary
FRC/2021/002/00000022594

Leadway Marble House,
1, Alfred Rewane Road,
P. O. Box 40032,
Falomo, Ikoyi, Lagos.

Dated 26th February 2022

DANGOTE CEMENT PLC

REPORT OF THE STATUTORY AUDIT COMMITTEE

In accordance with Section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020 and Section 30.4 of the SEC Code, the members of the Statutory Audit Committee of Dangote Cement Plc hereby report as follows:

"We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020 and we acknowledge the cooperation of the Board, management and staff in the conduct of these responsibilities. After careful consideration of the report of the external auditors, we accepted the report that the Financial Statements give a true and fair view of the state of the Group and Company's financial affairs as at 31 December 2021.

We confirm that:

I. The accounting and reporting policies of the Group and Company are in accordance with legal and regulatory requirements as well as agreed ethical practices.

II. We reviewed the scope and planning of audit requirements and found them adequate.

III. We reviewed the findings on the management letter prepared by the external auditors and found management responses to the findings satisfactory.

IV. The accounting and internal controls system is constantly and effectively being monitored through an effective internal audit function.

V. We made recommendations to the Board on the re-appointment and remuneration of the external auditors and also reviewed the provision made in the Financial Statements for the remuneration of the external auditors; and

VI. We considered that the external auditors are independent and qualified to perform their duties effectively.

The Committee therefore recommends that the Audited Financial Statements for the year ended 31 December 2021 and the External Auditors' report thereon be presented for adoption at the Annual General Meeting."

Robert Ade-Odiachi
Chairman, Statutory Audit Committee
FRC/2013/ICAN/00000004526

Members of the Statutory Audit Committee:
Robert Ade-Odiachi, Shareholders' Representative
Nicholas Nyamali, Shareholders' Representative
Sheriff Yussuf, Shareholders' Representative
Olakunle Alake, Non-Executive Director
Ernest Ebi, Independent Non-Executive Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 31 December 2021, 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 (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 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 and Company's financial position and financial performance; and
- making an assessment of the Group's and Company'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 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 and Company 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 31 December 2021 were approved by the Directors on 26 February 2022.

On behalf of the Directors

Aliko Dangote,GCON
Chairman
FRC/2013/IODN/00000001766

Michel Puchercos
Group Chief Executive Officer/Group Managing Director
FRC/2017/IODN/00000015919

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Group Managing Director/ Group CEO and Group Chief financial Officer, hereby certify the consolidated and separate financial statements of Dangote Cement Plc for the year ended 31 December 2021 as follows:

a) That we have reviewed the audited consolidated and separate financial statements of Dangote Cement Plc ("the Company") and its subsidiaries (together, "the group") for the year ended 31 December 2021.

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

c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for, the year ended 31 December 2021.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the year ended 31 December 2021.

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

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

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dangote Cement Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Dangote Cement Plc ("the Company") and its subsidiaries (together, "the group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of profit or loss;
- the consolidated and separate statements of comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 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 *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. These key audit matters apply to the audit of the consolidated and separate financial statements

1. Investment in subsidiaries	
Refer to significant accounting policies (Note 2.3.1) and related disclosures (Note 18.2) of the separate financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As disclosed in Note 18.2 to the financial statements, the carrying amount of ₦162 billion representing the Company's investment in subsidiaries is significant. Some of the subsidiaries are currently loss-making and are dependent on financial support mostly in the form of loans and advances from the parent company for their ongoing operations (Note 31). Judgment is required in estimating the recoverable amounts of the investment in subsidiaries. The estimation of recoverable amounts involves making assumptions regarding the future performance of the subsidiaries, inherent uncertainties around macroeconomic decisions and climate-related risks involved in preparing forecasts and discounted future cash flow projections and determining an appropriate discount rate. The significance of the amounts involved and the uncertainties inherent in estimating the recoverable amounts makes this a key audit matter in the separate financial statements.	Our procedures included the following: • We held inquiry sessions with management to understand the process and procedures for the identification of indicators of impairment of investment in subsidiaries. • We checked that the impairment indicators were appropriately identified as at the reporting date based on our knowledge of the business, its operating environment and other information obtained during the audit. • We assessed the reasonableness of the forecasts presented for the subsidiaries with impairment triggers by comparing them with historical performance. • We challenged management's assumptions, judgements and decisions made in the calculation of the recoverable amounts by comparing them with historical performance, industry trends and future projections, considering the uncertainties around macroeconomic factors and climate change. • We engaged our valuation specialist to test the appropriateness of the discount rates and terminal growth rates used. • We assessed the appropriateness of the classification and disclosure in the financial statements required by relevant accounting standards, including disclosures about sensitivities and major sources of estimation uncertainties.

2. Trade and Other Payables	
Refer to significant accounting policies (Note 2.23) and related disclosures (Note 25) of the consolidated and separate financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Included in trade and other payables as at 31 December 2021 is an amount of ₦162 billion and ₦99 billion for Group and Company respectively related to vendors. We focused on this area due to the large volume and value of vendor transactions, the numerous reconciling items and the manual nature of the reconciliation process. This is considered a key audit matter in both the consolidated and separate financial statements.	Our procedures included the following: • We reviewed documentation and performed a walkthrough of the procure-to-pay process (PTP) to identify process risk points and related controls. • We selected a sample of high-value balances and obtained confirmations from the vendors. We had control over the confirmation process by sending out the letters and requested that the vendors responded directly to us. • We tested reconciliation statements prepared by management at year end and checked the reconciling items to underlying supporting documents such as invoices, bank advices and confirmations, goods received note and shipping documents. • We assessed the presentation and appropriateness of related disclosures with respect to the trade and other payables in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors Report, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities for the preparation and approval of the financial statements, Statement of Corporate Responsibility for the Financial Statements and Other National Disclosures which we obtained prior to the date of this auditors’ report; but does not include the consolidated and separate financial statements and our auditor’s report thereon. Other information also includes Strategic report, The Dangote Way, Corporate Governance report and Supplementary information, together the “Outstanding reports”, which are expected to be made available to us after that date.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and separate Financial Statements
The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 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 consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors and Audit Committee 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 with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Board of Directors and Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

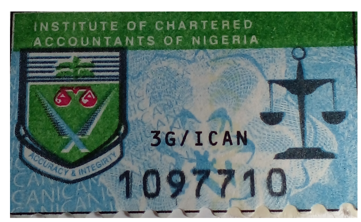
Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

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. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
iii. The Company's statement of financial position, statement of profit or loss and statement of comprehensive income are in agreement with the books of account.

Signed:

Goodluck C. Obi, FCA
FRC/2012/ICAN/00000000442
For: KPMG Professional Services
Chartered Accountants
28 February 2022
Lagos, Nigeria



DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Notes	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Revenue	5	1,383,637	1,034,196	993,399	719,945
Production cost of sales	7	(551,019)	(437,970)	(345,225)	(225,744)
Gross profit		**832,618**	**596,226**	**648,174**	**494,201**
Administrative expenses	8	(64,349)	(60,339)	(33,319)	(32,289)
Selling and distribution expenses	9	(191,658)	(153,719)	(132,285)	(112,919)
Other income	11	6,221	4,754	1,975	1,922
Impairment of financial assets	21	(341)	(188)	(402)	(3,318)
Profit from operating activities		**582,491**	**386,734**	**484,143**	**347,597**
Finance income	10.1	20,765	29,814	92,783	112,031
Finance costs	10.2	(65,707)	(43,988)	(42,501)	(28,881)
Share of profit from associate	18.3	817	750	-	-
Profit before tax		**538,366**	**373,310**	**534,425**	**430,747**
Income tax expense	14.1	(173,927)	(97,242)	(153,325)	(78,138)
Profit for the year		**364,439**	**276,068**	**381,100**	**352,609**
Profit for the year attributable to:					
Owners of the Company		361,008	275,080	381,100	352,609
Non-controlling Interests		3,431	988	-	-
		364,439	**276,068**	**381,100**	**352,609**
Earnings per share, basic and diluted (Naira)	13	**21.24**	**16.14**	**22.42**	**20.69**

The accompanying notes and significant accounting policies form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	Year ended 31/12/2021 ₦'million	**Year ended 31/12/2020 ₦'million**	**Year ended 31/12/2021 ₦'million**	**Year ended 31/12/2020 ₦'million**
Profit for the year	**364,439**	**276,068**	**381,100**	**352,609**
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating net investments in foreign operations	265	(509)	-	-
Other comprehensive income/(loss) for the year, net of tax	265	(509)	-	-
Total comprehensive income for the year	**364,704**	**275,559**	**381,100**	**352,609**
Total comprehensive income for the year attributable to:				
Owners of the Company	361,429	271,787	381,100	352,609
Non-controlling Interests	3,275	3,772	-	-
	364,704	**275,559**	**381,100**	**352,609**

The accompanying notes and significant accounting policies form an integral part of these consolidated and separate financial statements.

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	Group 31/12/2021 ₦'million	Group 31/12/2020 ₦'million	Company 31/12/2021 ₦'million	Company 31/12/2020 ₦'million
Assets					
Non-current assets					
Property, plant and equipment	15	1,472,859	1,390,687	554,883	551,926
Intangible assets	16	5,122	4,554	147	180
Right of use assets	17	18,566	12,594	1,365	1,164
Investments in subsidiaries	18.2	-	-	162,268	162,246
Investment in associate	18.3	6,528	5,711	1,582	1,582
Lease receivables	22	5,980	9,846	5,980	9,846
Deferred tax assets	14.4	5,163	11,708	-	-
Prepayments	19.1	4,759	37,213	211	19,605
Receivables from subsidiaries	31	-	-	968,000	815,463
Total non-current assets		**1,518,977**	**1,472,313**	**1,694,436**	**1,562,012**
Current assets					
Inventories	20	167,205	108,270	88,421	54,545
Trade and other receivables	21	47,469	35,194	15,798	14,829
Prepayments and other current assets	19.2	311,722	248,561	504,786	405,066
Lease receivables	22	3,752	5,249	3,752	5,249
Current tax assets	14.2	3,051	7,029	2,542	5,511
Cash and cash equivalents	32.1	339,843	145,835	272,563	68,848
Total current assets		**873,042**	**550,138**	**887,862**	**554,048**
Total assets		**2,392,019**	**2,022,451**	**2,582,298**	**2,116,060**
Liabilities					
Current liabilities					
Trade and other payables	25	371,224	349,388	214,411	140,245
Lease liabilities	33	2,187	2,073	261	158
Current tax liabilities	14.3	153,385	59,781	146,517	58,117
Financial liabilities	26	401,393	335,011	315,090	258,280
Derivatives	26.5	-	104	-	104
Other current liabilities	27.2	148,294	83,460	161,579	81,709
Total current liabilities		**1,076,483**	**829,817**	**837,858**	**538,613**
Non-current liabilities					
Deferred tax liabilities	14.4	135,003	122,980	126,226	117,762
Financial liabilities	26	176,562	158,908	147,789	98,577
Lease liabilities	33	8,019	7,772	110	130
Provisions	28	8,428	8,049	5,573	5,049
Deferred revenue	27.1	636	374	298	-
Employee benefit obligations	29.2	3,219	3,581	2,972	3,552
Total non-current liabilities		**331,867**	**301,664**	**282,968**	**225,070**
Total liabilities		**1,408,350**	**1,131,481**	**1,120,826**	**763,683**
Net assets		**983,669**	**890,970**	**1,461,472**	**1,352,377**
Equity					
Share capital	23.1	8,520	8,520	8,520	8,520
Share premium	23.2	42,430	42,430	42,430	42,430
Treasury Shares	23.5	(9,833)	(9,833)	(9,833)	(9,833)
Capital contribution	23.6	2,877	2,877	2,828	2,828
Currency translation reserve	23.7	53,102	52,681	-	-
Retained earnings		868,274	779,271	1,417,527	1,308,432
Equity attributable to owners of the Company		965,370	875,946	1,461,472	1,352,377
Non-controlling interest		18,299	15,024	-	-
Total equity		**983,669**	**890,970**	**1,461,472**	**1,352,377**
Total equity and liabilities		**2,392,019**	**2,022,451**	**2,582,298**	**2,116,060**

The accompanying notes and significant accounting policies 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 26 February 2022 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
Group Chief Finance Officer
FRC/2019/001/00000020239

DANGOTE CEMENT PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group								
	Share capital	Share premium	Treasury Shares	Retained earnings	Currency translation reserve	Capital contribution	Attributable to owners of the Company	Non-controlling interests	Total equity
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Balance as at 1 January 2020	**8,520**	**42,430**	**-**	**776,839**	**55,974**	**2,877**	**886,640**	**11,297**	**897,937**
Profit for the year	-	-	-	275,080	-	-	**275,080**	988	**276,068**
Other comprehensive income for the year, net of tax	-	-	-	-	(3,293)	-	**(3,293)**	2,784	**(509)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**275,080**	**(3,293)**	**-**	**271,787**	**3,772**	**275,559**
Dividends	-	-	-	(272,648)	-	-	**(272,648)**	(45)	**(272,693)**
Effect of shares buy-back	-	-	(9,833)	-	-	-	**(9,833)**	-	**(9,833)**
Balance as at 31 December 2020	**8,520**	**42,430**	**(9,833)**	**779,271**	**52,681**	**2,877**	**875,946**	**15,024**	**890,970**
Balance as at 1 January 2021	**8,520**	**42,430**	**(9,833)**	**779,271**	**52,681**	**2,877**	**875,946**	**15,024**	**890,970**
Profit for the year	-	-	-	361,008	-	-	**361,008**	3,431	**364,439**
Other comprehensive income for the year, net of tax	-	-	-	-	421	-	**421**	(156)	**265**
Total comprehensive income for the year	**-**	**-**	**-**	**361,008**	**421**	**-**	**361,429**	**3,275**	**364,704**
Dividends	-	-	-	(272,005)	-	-	**(272,005)**	-	**(272,005)**
Balance as at 31 December 2021	**8,520**	**42,430**	**(9,833)**	**868,274**	**53,102**	**2,877**	**965,370**	**18,299**	**983,669**

The accompanying notes and significant accounting policies form an integral part of these consolidated and separate financial statements.

DANGOTE CEMENT PLC

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Company					
	Share capital ₦'million	Share premium ₦'million	Treasury Shares ₦'million	Capital contribution ₦'million	Retained earnings ₦'million	Total equity ₦'million
Balance as at 1 January 2020	**8,520**	**42,430**	**-**	**2,828**	**1,228,471**	**1,282,249**
Profit for the year	-	-	-	-	352,609	**352,609**
Other comprehensive income for the year, net of tax	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	352,609	**352,609**
Dividends	-	-	-	-	(272,648)	**(272,648)**
Effect of shares buy-back	-	-	(9,833)	-	-	**(9,833)**
Balance as at 31 December 2020	**8,520**	**42,430**	**(9,833)**	**2,828**	**1,308,432**	**1,352,377**
Balance as at 1 January 2021	**8,520**	**42,430**	**(9,833)**	**2,828**	**1,308,432**	**1,352,377**
Profit for the year	-	-	-	-	381,100	**381,100**
Other comprehensive income for the year, net of tax	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	381,100	381,100.00
Dividends	**-**	**-**	**-**	**-**	(272,005)	**(272,005)**
Balance as at 31 December 2021	**8,520**	**42,430**	**(9,833)**	**2,828**	**1,417,527**	**1,461,472**

The accompanying notes and significant accounting policies form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Notes	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Cash flows from operating activities					
Profit before tax		538,366	373,310	534,425	430,747
Adjustments for:					
Depreciation & amortisation	15, 16 & 17	100,766	89,538	58,720	54,571
Write off & impairment of property, plant, equipment and intangible		1,338	1,850	122	-
Interest expenses	10.2	56,326	43,971	41,925	28,881
Interest income	10.1	(20,765)	(13,183)	(48,031)	(41,238)
Net exchange loss/(gain) on borrowings and non-operating assets		7,924	(19,229)	(43,476)	(72,594)
Change in fairvalue of derivatives		(104)	104	(104)	104
Share of income from associate	18.3	(817)	(750)	-	-
Change in deferred revenue		227	(148)	262	(119)
Provisions		379	4,365	524	3,099
Provision for employee benefits obligations		(362)	3,581	(580)	3,552
Other adjustments		-	118	-	118
(Gain)/loss on disposal of property, plant and equipment & right of use		(378)	4	(359)	4
		682,900	483,531	543,428	407,125
Changes in:					
Inventories		(60,526)	3,677	(33,117)	9,086
Trade and other receivables		(11,173)	(4,775)	153	(2,803)
Trade and other payables		26,846	51,446	79,182	(2,805)
Prepayments and other current assets		(79,404)	(51,519)	(82,922)	(42,702)
Other current liabilities		63,404	43,129	112,148	41,415
		622,047	525,489	618,872	409,316
Change in lease receivables		8,070	7,393	8,070	7,393
Income tax paid		(33,408)	(20,997)	(31,196)	(18,419)
Net cash generated from operating activities		**596,709**	**511,885**	**595,746**	**398,290**
Cash flows from Investing activities					
Interest received		11,249	8,438	8,281	5,035
Acquisition of intangible assets	16	(848)	(551)	(31)	(142)
Additional receivables from subsidiaries		-	-	(164,367)	(73,136)
Repayment by subsidiaries		-	-	22,852	10,760
Loan given to parent company		-	(70,000)	-	(70,000)
Loan repaid by parent company		20,000	-	20,000	-
Proceeds from disposal of property, plant and equipment		1,238	-	1,218	-
Acquisition of investment		-	-	(22)	(25)
Acquisition of property, plant and equipment		(158,508)	(210,370)	(58,158)	(71,827)
Additions to property, plant and equipment	15	(185,814)	(224,005)	(72,404)	(57,095)
Change in non-current prepayments		17,849	14,452	4,789	(13,915)
Net suppliers' credit repaid		9,457	(817)	9,457	(817)
Net cash used in investing activities		**(126,869)**	**(272,483)**	**(170,227)**	**(199,335)**
Cashflows from Financing activities					
Interest paid		(52,558)	(48,288)	(42,232)	(35,339)
Lease payment		(2,110)	(1,202)	(884)	(585)
Shares buy-back		(9,833)	-	(9,833)	-
Dividends paid		(272,005)	(272,693)	(272,005)	(272,648)
Loans obtained		329,115	500,786	312,439	477,406
Loans repaid		(324,831)	(377,861)	(278,043)	(354,728)
Net cash used in financing activities		**(332,222)**	**(199,258)**	**(290,558)**	**(185,894)**
Increase in cash and cash equivalents		137,618	40,144	134,961	13,061
Cash and cash equivalents at beginning of year		141,039	112,091	68,848	55,787
Effects of exchange rate changes		(15,289)	(11,196)	-	-
Cash and cash equivalents at end of year	**32.1**	**263,368**	**141,039**	**203,809**	**68,848**

The accompanying notes and significant accounting policies 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 4 November, 1992 and commenced operations in January 2007 under the name Obajana Cement Plc. The name was changed on 14 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 31 December 2021 comprise the results and the financial position of the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities").

The separate financial statements of the Company for the year ended 31 December 2021 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 Statement of compliance

The Group and Company's financial statements for the year ended 31 December 2021 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 31 December 2021 and requirements of the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

2.2 Basis of preparation

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items:
- Defined benefit obligations: Present value of the obligation.
- Non-derivative financial instruments – initially at fair value and subsequently at amortized cost using effective interest rate.
- Derivative financial instruments – measured at fair value.
- Inventory - lower of cost and net realisable value.
- Lease liabilities- measured at present value of future lease payments.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.3 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 31 December 2021. 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 period are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners' of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

2. Significant accounting policies continued

2.3.1 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognized in profit or loss. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

Investments in subsidiaries are eliminated on consolidation in the Group financial statements. Management performs an assessment at the end of each reporting period to determine whether there is any indication that the Investment in the subsidiaries may be impaired.

2.3.2 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.

2.4 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 recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize 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 recognized 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 recognized 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 recognized 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 recognize 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 recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized 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 recognized 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 recognized 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.

2. Significant accounting policies continued

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.

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 recognized 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 recognized 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 recognized at cost less accumulated impairment.

2.5 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. Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. 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.

2.6 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 recognized at the carrying amounts recognized 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.

2.7 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 recognized 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 recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.8 Revenue

The Group recognizes 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 recognizes revenue when it transfers control of products to the customers.

2.8.1 Sale of cement and related products

The Group sells cement and related products 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 recognized 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 recognized 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 on selling the goods and bears the risks of obsolescence and loss in relation to the goods. For distributors that buy on credit, a receivable is recognized 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 recognized 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 recognized at that point.

2.9 Finance income

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, compensation for time value of money on road infrastructure tax scheme and foreign exchange gains.

Dividend income from investments is recognized 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 is recognized 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.

2.10 Production cost of sales

Production cost of sales represents decreases in economic benefits during the accounting period that are directly or indirectly attributable to manufacturing inventory for sale.

2.11 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provision, foreign exchange losses except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets. Interest is recognized in profit or loss using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized 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.

2.12 Foreign currency

2.12.1 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. Significant accounting policies continued

2.12.2 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 recognized 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.

Exchange differences on monetary items are recognized 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 recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the subsidiaries.

2.12.3 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 recognized in equity is recognized in the consolidated statement of profit or loss.

2.13 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 recognized 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 recognized 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 derecognized. The cost of day to day servicing of the property plant and equipment is recognized in profit or loss as incurred.

2. Significant accounting policies continued

An item of property, plant and equipment is derecognized 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 recognized in profit or loss.

2.13.1 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 expenses and selling and distribution 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.

	Useful life (years)
Leasehold land improvement	Over the lease period
Buildings	25 – 50
Plant and machinery	10 - 25
Power plants	5 – 25
Cement plants	5 – 25
Motor vehicles	4 – 6
Furniture and equipment	5
Computer hardware	3
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.

2.14 Intangible assets

In accordance with criteria set out in IAS 38 – "Intangible assets", intangible assets are recognized 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 recognized 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

2.14.1 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized 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 recognized 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 recognized 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 recognized, development expenditure is recognized 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.

2.14.2 Derecognition of intangible assets

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

2.15 Prepayments

Prepayments are non-financial assets which result when payments are made in advance of the receipt of goods and services. They are recognized when the Group expects to receive future economic benefits equivalent to the value of the prepayments. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. 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.

Packaging Materials

Packaging 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.

2. Significant accounting policies continued

2.17 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating, investing and financing activities. The Group applies the indirect method for the preparation of the statement of cash flows. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been adjusted for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while interest income is included in investing activities.

2.18 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 recognized 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.

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).

2.18.1 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 other comprehensive income (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

2.18.2 Derecognition of financial assets

The Group derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

2. Significant accounting policies continued

2.19 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. Term deposit with tenor of 90 days or less are also included in cash and cash equivalents if they are held for short term cash commitments rather than for investment or other purposes.

2.20 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short term trade receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value due to the insignificant impact of discounting.

2.21 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 recognized 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 recognized 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 recognized 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.

2.22 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.

2.22.1 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 recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. Equity instruments includes share capital, share premium, currency translation reserve and capital contribution.

2.22.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or 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. Significant accounting policies continued

2.22.3 De-recognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

2.22.4 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 realize the asset and settle the liability simultaneously.

2.22.5 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

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

2.23 Trade and other payables

Trade and other payables are recognized when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest rate 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. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk.

2. Significant accounting policies continued

2.24 Impairment

2.24.1 Financial assets

The Group recognizes 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 recognizes 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 recognizes 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 organizations, 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:

- 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.

2. Significant accounting policies continued

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 reorganization; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(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 recognized 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.

2. Significant accounting policies continued

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 recognizes 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 recognized in other comprehensive income and accumulated in the investment revaluation reserve.

2.24.2 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 recognized 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 recognized. A reversal of an impairment loss is recognized immediately in the Profit or loss.

2.25 Measurement of 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.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred Further information about the assumptions made in measuring fair values is included in the following notes: If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Significant accounting policies continued

2.25.1 Derivative financial assets and liabilities fair value

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

2.26 Taxation

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

2.26.1 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. Current tax assets and liabilities are offset only if certain criteria are met.

2.26.2 Deferred tax

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 recognized 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 recognized 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 realized, 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. Deferred tax assets and liabilities are offset only if certain criteria are met.

2.26.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized 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.

2.27 Government grants

Government grants are not recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Group recognizes 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 recognized 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 recognized 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 recognized as deferred revenue on the statement of financial position and is recognized in profit or loss over the period the related expenditure is incurred.

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

2.28 Employee benefits

2.28.1 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. This includes wages, salaries, bonuses, paid annual leave, sick leave and other contributions. Except when they qualify for capitalization, these benefits are expensed in the period in which the associated services are rendered by employees of the Group. A liability is recognized for the amount that is expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.28.2 Defined contribution plans

The Group operates a defined contribution retirement benefit scheme for its employees. 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. The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Group. Except when they qualify for capitalization, obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.28.3 Defined benefit plans

The group operates defined benefit plans for certain qualifying employees. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by using actuarial methods of projected unit credit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. The estimated cost of providing such benefits is charged to the statement of profit or loss on a systematic basis over the employees' working lives. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are recognized in other comprehensive income in the period in which they arise and accumulated in retained earnings. Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

2.28.4 Other long-term employee benefits (Long service award)

The group provides employees with Long service award benefits. The benefits are gift items, ex-gratia (expressed as a multiple of monthly basic salary), a plaque and certificate. The liability recognized in respect of these awards is computed using actuarial methods (discounted at present value). Any resulting remeasurement gain/loss is recognized in full within other income/administrative expense in the profit or loss. Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

2.28.5 Termination benefit

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. Benefits are expected to be settled wholly within 12 months of the reporting date.

2. Significant accounting policies continued

2.29 Provisions

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

The amount recognized 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.29.1 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.

The Group has an obligation to restore quarry sites due to the mining activities in those areas. The provision for the site restoration is determined based on the disturbed areas and is measured at the present value of the expected future cash flows that will be required to perform the site restoration. The estimated future costs for known restoration requirements are determined on a site-by-site basis. The cash flows are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, timing of future cash flows, or in the discount rate applied, are accounted for in the profit or loss at each statement of financial position date.

2.30 Contingencies

Contingent liabilities are not recognized in the consolidated and separate statements 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.

2.31 Earnings per share

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

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

2.32 Leases

Leases – as a lessee

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

2. Significant accounting policies continued

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 and separate statements 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.

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 recognized 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.

2. Significant accounting policies continued

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized 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 non-lease 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 recognized 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 recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized 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 statements

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 1 January 2021.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and Phase 2 amendments did not have a material impact on the Group Financial Statements because the Group does not apply hedge accounting to its interest rate benchmark exposures and there are no material assets and liabilities carried at fair value.

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 (including the June 2020 amendments to 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 IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2023, 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 recognized 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 recognized 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 IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. This is not expected to have a material impact on the Group Financial Statements

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. This may have an impact on the Group Financial Statements if such transactions occur in future

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The Directors anticipate that the amendment will have an impact of the Fiancial Statements if such tranactions occur. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Directors anticipate that the amendment will have an impact of the Fiancial Statements if such transactions occur.

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

Annual Improvements to IFRS Standards 2018–2020 (The Annual Improvements include amendments to four Standards).

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre tax or post-tax cash flows and discount rates for the most appropriate fair value measurement
The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted

These amendments are not expected to have a material impact on the Group Financial Statements

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

These amendments are not expected to have a material impact on the Group Financial Statements

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

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty"

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

• A change in accounting estimate that results from new information or new developments is not the correction of an error

• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors anticipate that the amendment will have an impact of the Fiancial Statements if such changes in accounting estimates and errors occur.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

– Right-of-use assets and lease liabilities

– Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors anticipate that the amendment will have an impact of the Fiancial Statements if such transactions occur.

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 recognized 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 recognized in the financial statements are discussed below:

4. Critical accounting judgements and key sources of estimation uncertainty continued

4.1 Critical accounting judgements

4.1.1 Provisions and Contingencies

The Group makes judgements in recognition and measurement of provisions and contingencies especially relating to key assumptions about the likelihood and magnitude of an outflow of resources. See note 35

4.2 Key sources of estimation uncertainty

4.2.1 Impairment of property, plant and equipment

Assumptions underlying the estimation of value in use in respect of cash-generating units for impairment testing purposes require the use of estimates such as long-term discount rates and growth rates.

4.2.2 Provision for site restoration

Where the Group is legally, contractually or constructively required to restore a site, the estimated costs of site restoration are accrued for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of site restoration are reviewed annually and adjusted as appropriate. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of future activities. See further details in Note 28

4.2.3 Uncertain tax treatments

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

4.2.4 Measurement of ECL allowance

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes significant assumptions in line with the expected credit loss model of IFRS 9 in determining the weighted average loss rate. See further details in Note 21.

4.2.5 Employee benefit obligations

The cost of the defined benefit plans and the present value of retirement benefit obligations and long service awards are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, these obligations are highly sensitive to changes in assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bond in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. Further information is provided in Note 29.

4.2.6 Impairment of investment in subsidiaries

Management estimates the recoverable amount of the Investment in subsidiaries by assessing the value in use. Estimating the recoverable amount involves a number of assumptions, judgements and estimates regarding various inputs.

4.2.7 Deferred tax asset

Recognition of deferred tax asset: assumptions about the availability of future taxable profit against which tax losses carried forward can be utilised.

5 Revenue

	Group		Company	
5.1 Volumes	**2021**	**2020**	**2021**	**2020**
	'000 tonnes	**'000 tonnes**	**'000 tonnes**	**'000 tonnes**
Cement production and bagging capacity (for the year)	51,550	48,550	29,250	29,250
Production volume*	28,516	24,730	16,832	15,529
Trade cement purchase*	600	658	1,557	460
Decrease/(increase) in stocks**	155	332	223	(53)
Sales volume*	**29,271**	**25,720**	**18,612**	**15,936**

* includes both cement and clinker volumes

** Decrease/(increase) in stocks refers to the difference between the opening and closing stocks for the year.

An analysis of revenue in naira is as follows:

	Group		Company	
	Year ended 31/12/2021	**Year ended 31/12/2020**	**Year ended 31/12/2021**	**Year ended 31/12/2020**
5.2 Revenue from contracts with customers	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Revenue from sales of cement and clinker	1,383,635	1,032,594	993,399	719,945
Revenue from sales of other products	2	1,602	-	-
	1,383,637	**1,034,196**	**993,399**	**719,945**

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

5.3 Information about major customers

Included in revenue arising from direct sales of cement of ₦1,383.6 billion (2020: ₦1,032.6 billion) is revenue of approximately ₦40.0 billion (2020: ₦34.3 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 2021 and 2020 financial years.

5.4 Disaggregation of revenue from contracts with customers

The table below shows the revenue from contracts with customers is disaggregated by domestic sales vis-à-vis export sales. It also shows a reconciliation of the disaggregated revenue with the Group’s reportable segments.

	Nigeria		Pan Africa		Total	
	Year ended 31/12/2021	**Year ended 31/12/2020**	**Year ended 31/12/2021**	**Year ended 31/12/2020**	**Year ended 31/12/2021**	**Year ended 31/12/2020**
	₦'million	**₦'million**	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Domestic sales	956,960	709,086	369,259	298,902	**1,326,219**	**1,007,988**
Export sales	36,439	10,859	28,070	19,779	**64,509**	**30,638**
	993,399	**719,945**	**397,329**	**318,681**	**1,390,728**	**1,038,626**
Inter-segment sales	-	-	-	-	**(7,091)**	**(4,430)**
	993,399	**719,945**	**397,329**	**318,681**	**1,383,637**	**1,034,196**

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 organized 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 (includes Company and all subsidiaries operating in Nigeria. See Note 18.1)
- Pan Africa (includes entities operating outside Nigeria. See Note 18.1)

6 Segment information continued

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 amortization (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.

For the year ended 31 December 2021

Segment Results	**Nigeria** ₦'million	**Pan Africa** ₦'million	**Central Administrative costs** ₦'million	**Eliminations** ₦'million	**Total** ₦'million
Revenue	993,399	397,329	-	(7,091)	1,383,637
EBITDA*	610,196	88,830	(15,420)	989	684,595
Depreciation, amortisation, write off and Impairment	65,221	38,558	-	(1,675)	102,104
Other income	1,376	4,845	-	-	6,221
Profit from operating activities	544,975	50,272	(15,420)	2,664	582,491
Finance income	92,785	36,420	-	(108,440)	20,765
Finance costs	44,688	97,260	-	(76,241)	65,707
Income tax expense	153,912	20,015	-	-	173,927
Profit/(loss) after tax	439,160	(30,583)	(15,420)	(28,718)	364,439
Segment Assets & Liabilities					
Non-current assets	1,942,858	698,042	-	(1,121,923)	1,518,977
Current assets	892,475	230,926	-	(250,359)	873,042
Total Assets	2,835,333	928,968	-	(1,372,282)	2,392,019
Segment liabilities	1,153,211	1,256,375	-	(1,001,236)	1,408,350
Net additions to non-current assets, excluding deferred tax	153,232	14,919	-	(114,942)	53,209

* represents earnings before interest, taxes, share of profit from associate, depreciation, amortisation & impairment.

For the year ended 31 December 2020

Segment Results	**Nigeria** ₦'million	**Pan Africa** ₦'million	**Central Administrative costs** ₦'million	**Eliminations** ₦'million	**Total** ₦'million
Revenue	719,945	318,681	-	(4,430)	1,034,196
EBITDA*	421,417	71,313	(17,000)	2,392	478,122
Depreciation, amortisation, write off and Impairment	54,605	36,803	-	(20)	91,388
Other Income	1,922	2,832	-	-	4,754
Profit from operating activities	366,812	34,510	(17,000)	2,412	386,734
Finance income	111,134	25,112	-	(106,432)	29,814
Finance costs	29,490	121,638	-	(107,140)	43,988
Income tax expense	78,138	19,104	-	-	97,242
Profit/(loss) after tax	370,317	(81,120)	(17,000)	3,871	276,068
Segment Assets & Liabilities					
Non-current assets	1,789,626	689,668	-	(1,006,981)	1,472,313
Current assets	565,909	210,812	-	(226,583)	550,138
Total Assets	2,355,535	900,480	-	(1,233,564)	2,022,451
Segment liabilities	1,004,656	1,168,038	-	(1,041,213)	1,131,481
Net additions to non-current assets, excluding deferred tax	282,238	45,219	-	(156,699)	170,758

* represents earnings before interest, taxes, share of profit from associate, depreciation, amortisation & impairment.

6 Segment information continued

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.

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

	Group	
	Year ended 31/12/2021 ₦'million	**Year ended 31/12/2020 ₦'million**
EBITDA	684,595	478,122
Depreciation and amortisation, write off and impairment	(102,104)	(91,388)
Profit from operating activities	582,491	386,734
Finance income	20,765	29,814
Finance costs	(65,707)	(43,988)
Share of profit from associate	817	750
Profit before tax	538,366	373,310
Income tax expense	(173,927)	(97,242)
Profit after tax	**364,439**	**276,068**

	2021 ₦'million	**2020 ₦'million**
Non current assets by country excluding deferred tax		
Nigeria	1,942,858	1,789,626
South Africa	68,973	71,951
Senegal	90,417	92,694
Zambia	58,107	45,000
Ethiopia	52,322	62,256
Tanzania	183,649	169,836
Congo	93,332	102,711
Cameroon	45,937	49,018
Ghana	18,507	15,855
Sierra Leone	14,017	15,472
Cote d'ivoire	63,715	49,393
Significant revenue by country (external customers)		
Nigeria	986,308	715,515
Ghana	16,847	16,942
South Africa	69,122	52,698
Ethiopia	67,189	58,066
Zambia	31,798	26,149
Tanzania	63,656	37,885
Senegal	51,267	46,933
Cameroon	68,550	57,270
Sierra Leone	10,946	10,298
Congo	17,954	12,440

Revenues are attributed to individual countries based on the geographical location of where the cement and clinker originated.

6.3 Eliminations and Adjustments

Elimination and Adjustments relate to the following:
• Profit/(loss) after tax of ₦28.7 billion (2020: ₦3.9 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 ₦1,121.9 billion (2020: ₦1,007 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 ₦250.4 billion (2020: ₦226.6 billion) is due to the elimination of current inter-company payable and receivable balances.
• Total liabilities of ₦1,001.2 billion (2020: ₦1,041.2 billion) are due to the elimination of inter-company due to and due from subsidiaries.
• Finance income of ₦108.4 billion (2020: ₦106.4 billion) and finance cost of ₦76.2 billion (2020: ₦107.1 billion) is due to the elimination of interest on inter-company loan and exchange differences reclassified to other comprehensive income.
• Revenue of ₦7.1 billion (2020: ₦4.4 billion) represents sales by the Nigeria region to the Pan Africa regions.
In addition to the depreciation and amortisation reported above, a sum of ₦1.3 billion (2020: ₦1.8 billion) in the financial statements represents write off in respect of property, plant and equipment in Pan Africa.

7. Production cost of sales

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Material consumed	175,367	134,910	139,129	51,070
Fuel & power consumed	196,634	146,342	113,953	85,611
Royalty*	1,667	1,270	791	636
Salaries and related staff costs	38,701	37,020	19,843	21,038
Depreciation & amortization	75,954	64,946	41,207	38,387
Plant maintenance	42,203	30,706	22,148	16,867
Other production expenses	25,589	15,670	7,816	7,406
(Increase)/decrease in finished goods and work in progress	(5,096)	7,106	338	4,729
	551,019	**437,970**	**345,225**	**225,744**

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

8. Administrative expenses

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Salaries and related staff costs	15,933	16,086	7,963	9,920
Corporate social responsibility	3,534	3,793	2,149	3,381
Management fee (refer to (a) below)	5,413	5,311	5,413	5,311
Depreciation and amortisation	6,672	6,235	2,547	2,369
Auditors' remuneration (refer to (b) below)	697	695	388	420
Directors' remuneration	1,409	1,491	1,391	1,478
Rent, rate and insurance	6,804	5,211	2,382	2,379
Repairs and maintenance	1,467	1,372	1,045	1,025
Travel expenses	5,759	2,107	4,182	993
Bank charges	3,281	2,296	1,158	943
Professional and consultancy fees	2,286	2,878	944	1,342
Security expenses	2,203	2,015	739	908
Janitorial and Office Cleaning	897	1,064	808	699
General administrative expenses	4,083	3,097	588	629
Others	2,573	3,861	1,500	492
Impairment of non-financial assets	1,338	2,827	122	-
	64,349	**60,339**	**33,319**	**32,289**

(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 DIL shared-service cost to DCP plus mark-up.

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

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Audit fees	652	524	361	249
Non-audit fees:				
Audit related services*	45	8	27	8
Techinical support services	-	113	-	113
Regulatory compliance and advisory services	-	50	-	50
	697	**695**	**388**	**420**

* Included in audit related services are fees for limited quarterly review and certification of financial information.

Other employee related disclosures	Group		Company	
	Year ended 31/12/2021	Year ended 31/12/2020	Year ended 31/12/2021	Year ended 31/12/2020
Aggregate payroll costs:	₦'million	₦'million	₦'million	₦'million
Wages, salaries and staff welfare	68,401	66,496	37,977	40,509
Pension costs	3,546	3,073	1,372	1,251
Employee benefits obligation	877	2,683	614	2,655
	72,824	**72,252**	**39,963**	**44,415**

8. Administrative expenses continued

	2021 Number	2020 Number	2021 Number	2020 Number
Full time employees remunerated at higher rate excluding allowances:				
₦ - ₦				
Up to 250,000	299	5,965	53	5,331
250,001 - 500,000	7,107	2,662	6,918	2,372
500,001 - 750,000	4,604	1,042	4,332	935
750,001 - 1,000,000	1,569	2,844	1,391	2,754
1,000,001 - 1,250,000	1,361	518	1,223	424
1,250,001 - 1,500,000	516	273	426	230
1,500,001 - 2,000,000	475	376	359	315
2,000,001 and above	1,816	1,798	514	408
	17,747	**15,478**	**15,216**	**12,769**
The average number of full time employees employed during the year excluding Directors was as follows:				
Management	826	576	604	362
Non-management	15,874	15,623	13,565	13,125
	16,700	**16,199**	**14,169**	**13,487**

Chairman's and Directors' remuneration

	Group		Company	
	Year ended 31/12/2021 ₦'million	**Year ended 31/12/2020 ₦'million**	**Year ended 31/12/2021 ₦'million**	**Year ended 31/12/2020 ₦'million**
Directors' remuneration comprises:				
Emoluments	1,409	1,491	1,391	1,478
	1,409	**1,491**	**1,391**	**1,478**
Chairman	**44**	**49**	**44**	**49**
Highest paid Director	**531**	**448**	**531**	**448**

Number of Directors whose emoluments were within the following ranges:

₦ - ₦	2021 Number	2020 Number	2021 Number	2020 Number
1 – 20,000,000	1	3	1	3
Above 20,000,000	15	13	15	13
	16	**16**	**16**	**16**

9. Selling and distribution expenses

	Group		Company	
	Year ended 31/12/2021 ₦'million	**Year ended 31/12/2020 ₦'million**	**Year ended 31/12/2021 ₦'million**	**Year ended 31/12/2020 ₦'million**
Salaries and related staff costs	18,190	19,146	12,157	13,457
Depreciation	18,140	18,357	14,966	13,815
Advertisement and promotion	3,206	12,178	2,637	11,187
Haulage expenses	147,495	98,954	98,540	69,757
Others	4,627	5,084	3,985	4,703
	191,658	**153,719**	**132,285**	**112,919**

10. Finance income and finance costs

		Group		Company	
		Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
10.1	**Finance income:**				
	Interest income	20,765	13,183	48,031	41,238
	Others - foreign exchange gain	-	16,631	44,752	70,793
		20,765	**29,814**	**92,783**	**112,031**
10.2	**Finance costs:**				
	Interest expenses*	57,173	46,002	42,265	29,888
	Less: amounts included in the cost of qualifying assets (Note 15)	(847)	(2,031)	(340)	(1,007)
		56,326	43,971	41,925	28,881
	Foreign exchange loss	8,766	-	-	-
	Other finance cost	615	17	576	-
		65,707	**43,988**	**42,501**	**28,881**

* The average effective interest rate on funds borrowed generally is 10.75% and 11.3% per annum for Group and Company respectively. (2020: 9.67% per annum for Group and 8.52% per annum for Company).

All interest income and interest costs are from financial instrument measured at amortised cost.

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

	2021		2020	
	Average rate	Year-end rate	Average rate	Year-end rate
Currency				
South African Rand to Naira	25.9000	26.9558	21.9525	26.0800
Central Africa Franc to Naira	0.7393	0.7353	0.6734	0.7468
Ethiopian Birr to Naira	9.1935	8.4522	10.9592	10.0171
Zambian Kwacha to Naira	21.2745	25.4826	20.8126	18.9371
Tanzanian Shilling to Naira	0.1779	0.1847	0.1664	0.1730
Ghanaian Cedi to Naira	70.0157	70.1008	67.3897	68.9036
United States dollar to Naira	410.9200	424.1100	384.6475	400.3300

11. Other income

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Insurance claims	501	1,321	202	1,148
Government grant	71	148	36	119
Sale of scrap	279	-	194	-
Disposal of property,plant and equipment	378	-	359	-
Other miscellaneous income*	4,992	3,285	1,184	655
	6,221	**4,754**	**1,975**	**1,922**

* Other miscellaneous income of ₦4.99 billion (2020: ₦3.29 billion) includes income derived from the sale of electricity.

12 Profit before tax

Profit before tax includes the following charges/credits:

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Depreciation of property, plant and equipment and right of use asset	100,488	89,225	58,656	54,540
Amortisation of intangible assets	278	313	64	31
Auditors' remuneration	697	695	388	420
Employee benefits expenses	72,824	72,252	39,963	44,415
Gain on disposal of property, plant and equipment	378	4	359	4
Lease rental expenses	1,285	985	189	246
Directors emoluments	1,409	1,491	1,391	1,478
Write off & impairment of property, plant, equipment and intangible	1,338	1,850	122	-
Foreign exchange loss/(gain)	8,766	(16,631)	(44,752)	(70,793)
Management service fee	5,413	5,311	5,413	5,311
Royalty	1,667	1,270	791	636
Impairment of financial assets	341	188	402	3,318

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 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Profit for the year attributable to owners of the Company	361,008	275,080	381,100	352,609
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	17,000	17,040	17,000	17,040
Basic & diluted earnings per share (Naira)	**21.24**	**16.14**	**22.42**	**20.69**

14. Income taxes

14.1 Income tax expense recognized in profit or loss

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Current tax				
Current year	(154,915)	(58,353)	(144,861)	(55,781)
Changes in estimates related to prior year	-	20,288	-	20,288
	(154,915)	(38,065)	(144,861)	(35,493)
Deferred tax				
Origination and reversal of temporary differences	(17,568)	(38,889)	(8,464)	(22,357)
Previously unrecognized temporary difference relating to prior year	(1,444)	(20,288)	-	(20,288)
	(19,012)	(59,177)	(8,464)	(42,645)
Total income tax expense recognized in the current year	**(173,927)**	**(97,242)**	**(153,325)**	**(78,138)**

14. Income taxes continued

The income tax expense for the year can be reconciled to the profit before tax as follows:

	Group		Company	
	Year ended 31/12/2021 ₦'million	**Year ended 31/12/2020 ₦'million**	**Year ended 31/12/2021 ₦'million**	**Year ended 31/12/2020 ₦'million**
Profit before tax	**538,366**	**373,310**	**534,425**	**430,747**
Income tax expense calculated at 30% (2020: 30%)	(161,510)	(111,993)	(160,328)	(129,224)
Education Tax	(13,055)	(7,426)	(13,055)	(7,426)
Effect of tax holiday and income that is exempt from taxation	26,991	18,934	7,826	15,057
Effect of expenses that are not deductible in determining taxable profit	(337)	(497)	(13)	(248)
Effect of previously recognized temporary difference now derecognized as deferred tax assets.	(36)	(13,533)	-	-
Effect of deferred tax not recognized on net investment exchange gains	2,727	17,800	11,680	16,897
Effect of prior year over provision	(1,102)	20,288	342	20,288
Effect of Investment Allowance	401	6,080	401	6,080
Effect of income taxed at different rates	901	1,823	901	1,823
Effect of Commencement rule	-	-	-	-
Effect of unused tax losses and offsets not recognized as deferred tax assets	(28,030)	(28,028)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	460	801	-	-
Others	(1,337)	(1,491)	(1,079)	(1,385)
Income tax expense recognized in profit or loss	**(173,927)**	**(97,242)**	**(153,325)**	**(78,138)**

The income tax rate of 30% was used for the company income tax computation as established by the tax legislation of Nigeria effective in 2021 and 2020. The income tax rate in South Africa is 28%, in Cameroon, 38.5% and 35% in Zambia.

14.2 Current tax assets

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Balance at beginning of the year	7,029	6,718	5,511	6,712
Charge for the year	774	(10)	-	-
Payments during the year	291	1,664	-	-
Additional road infrastructure tax credit	22,296	5,511	22,296	5,511
Tax credit utilised to offset current tax payable	(27,021)	(6,712)	(25,265)	(6,712)
Effect of currency exchange difference	(318)	(142)	-	-
Balance at the end of the year	**3,051**	**7,029**	**2,542**	**5,511**

14.3 Current tax liabilities

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Balance at beginning of the year	59,781	49,932	58,117	49,127
Charge for the year	155,689	38,055	144,861	35,493
Payments during the year	(33,117)	(19,333)	(31,196)	(18,419)
Witholding tax credit and grant utilized	(21)	(1,372)	-	(1,372)
Tax credit utilised to offset current tax liabilities	(27,021)	(6,712)	(25,265)	(6,712)
Effect of currency exchange difference	(1,926)	(789)	-	-
Balance at the end of the year	**153,385**	**59,781**	**146,517**	**58,117**

14. Income taxes continued

14.4 Deferred tax balance

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Deferred tax assets	5,163	11,708	-	-
Deferred tax liabilities	(135,003)	(122,980)	(126,226)	(117,762)
Net deferred tax liabilities	**(129,840)**	**(111,272)**	**(126,226)**	**(117,762)**

Group

31/12/2021	Opening balance ₦'million	Recognized in profit or loss ₦'million	Effect of currency translation ₦'million	Net closing balance ₦'million	Deferred tax assets ₦'million	Deferred tax liabilities ₦'million
Deferred tax assets/(liabilities) in relation to:						
Property, plant & equipment	(134,278)	(7,217)	(1,615)	(143,110)	-	(147,733)
Unrealized exchange gains	(19,290)	(310)	(76)	(19,676)	-	(13,870)
Employee benefits	1,066	367	(14)	1,419	1,419	-
Provision	4,094	2,593	19	6,706	7,043	-
Tax losses	37,485	(14,583)	2,127	25,029	23,509	-
Right of use assets	(349)	138	3	(208)	18	(226)
Deferred tax assets/(liabilities) before set-off	(111,272)	(19,012)	444	(129,840)	31,989	(161,829)
Set-off of tax	-	-	-	-	(26,826)	26,826
Net tax assets/(liabilities)	**(111,272)**	**(19,012)**	**444**	**(129,840)**	**5,163**	**(135,003)**

31/12/2020	Opening balance ₦'million	Recognized in profit or loss ₦'million	Effect of currency translation ₦'million	Net closing balance ₦'million	Deferred tax assets ₦'million	Deferred tax liabilities ₦'million
Deferred tax assets/(liabilities) in relation to:						
Property, plant & equipment	(91,805)	(44,284)	1,811	(134,278)	-	(138,901)
Unrealized exchange gains	(14,215)	(4,988)	(87)	(19,290)	927	(14,411)
Employee benefits	-	1,066	-	1,066	1,066	-
Provision	9,233	(3,401)	(1,738)	4,094	4,431	-
Tax losses	47,714	(7,221)	(3,008)	37,485	35,965	-
Right of use assets	-	(349)	-	(349)	-	(349)
Deferred tax assets/(liabilities) before set-off	(49,073)	(59,177)	(3,022)	(111,272)	42,389	(153,661)
Set-off of tax	-	-	-	-	(30,681)	30,681
Net tax assets/(liabilities)	**(49,073)**	**(59,177)**	**(3,022)**	**(111,272)**	**11,708**	**(122,980)**

Company

31/12/2021	Net opening balance ₦'million	Recognized in profit or loss ₦'million	Net closing balance ₦'million
Deferred tax assets/(liabilities) in relation to:			
Property, plant & equipment	(105,948)	(9,482)	(115,430)
Unrealized exchange gains	(14,412)	541	(13,871)
Employee benefits obligations	1,066	-	1,066
Provision	1,881	312	2,193
Right of use assets	(349)	165	(184)
	(117,762)	**(8,464)**	**(126,226)**

14. Income taxes continued

Company

	Net opening balance ₦'million	31/12/2020 Recognized in profit or loss ₦'million	Net closing balance ₦'million
Deferred tax assets/(liabilities) in relation to:			
Property, plant & equipment	(64,558)	(41,390)	(105,948)
Unrealized exchange gains	(11,841)	(2,571)	(14,412)
Employee benefits obligations	-	1,066	1,066
Provision	1,282	599	1,881
Right of use assets	-	(349)	(349)
	(75,117)	**(42,645)**	**(117,762)**

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 2021 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 recognized because it is not probable that future taxable profit will be available against which the benefits can be utilized, are attributable to the following:

	Group			Company
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Tax losses	99,143	77,295	-	-
Unused tax credits	-	-	-	-
Deductible temporary differences	(6,728)	(5,558)	-	-
	92,415	**71,737**	**-**	**-**

The unrecognized tax credits will expire as follows:

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Year 1	13,038	2,981	-	-
Year 2	6,670	12,549	-	-
Year 3	21,758	6,420	-	-
Year 4	9,308	10,186	-	-
Year 5	-	-	-	-
After Year 5	509	-	-	-
No expiry date	41,132	39,601	-	-
	92,415	**71,737**		

Deferred tax liability amounting to ₦41.1 billion (2020: ₦34.7 billion) for both Group and Company was not recognized 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

	Leasehold improvement and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-In-progress ₦'million	Total ₦'million
Cost							
At 1 January 2020	224,329	1,058,081	218,375	4,028	11,414	193,628	1,709,855
Additions	1,640	50,232	1,975	-	583	169,575	224,005
Reclassifications	18,265	58,488	25,642	-	626	(103,021)	-
Transfers (Note 15.1.1)	-	(85)	-	-	-	472	387
Disposal	-	(63)	(7,098)	-	-	-	(7,161)
Write-off	(255)	-	(18)	-	(6)	(88)	(367)
Effect of foreign currency exchange rates differences	18,020	26,568	3,371	-	527	8,740	57,226
Balance at 31 December 2020	261,999	1,193,221	242,247	4,028	13,144	269,306	1,983,945
At 1 January 2021	261,999	1,193,221	242,247	4,028	13,144	269,306	1,983,945
Additions	1,800	7,255	2,035	-	714	174,010	185,814
Reclassifications	21,698	14,398	27,023	-	633	(63,752)	-
Transfers (Note 15.1.1)	(6,036)	(5,344)	(7)	-	-	(2,861)	(14,248)
Disposal	-	-	(85)	-	(7)	(857)	(949)
Write-off	-	(811)	(124)	-	(32)	(838)	(1,805)
Effect of foreign currency exchange rates differences	1,654	6,938	2,340	-	219	3,931	15,082
Balance at 31 December 2021	**281,115**	**1,215,657**	**273,429**	**4,028**	**14,671**	**378,939**	**2,167,839**
Accumulated depreciation and impairment							
At 1 January 2020	41,987	304,039	148,900	2,326	5,854	-	503,106
Depreciation expense	9,189	49,391	27,132	403	1,359	-	87,474
Transfers (Note 15.1.1)	-	172	-	-	-	-	172
Disposal	-	(63)	(7,094)	-	-	-	(7,157)
Impairment	(255)	-	100	-	(4)	-	(159)
Effect of foreign currency exchange rates differences	2,672	5,893	1,033	-	224	-	9,822
Balance at 31 December 2020	53,593	359,432	170,071	2,729	7,433	-	593,258
At 1 January 2021	53,593	359,432	170,071	2,729	7,433	-	593,258
Depreciation expense	11,423	56,806	28,473	403	1,437	-	98,542
Transfers (Note 15.1.1)	(126)	-	-	-	-	-	(126)
Disposal	-	-	(83)	-	(6)	-	(89)
Impairment	-	(433)	(2)	-	(32)	-	(467)
Effect of foreign currency exchange rates differences	233	1,766	1,773	-	90	-	3,862
Balance at 31 December 2021	**65,123**	**417,571**	**200,232**	**3,132**	**8,922**	**-**	**694,980**
Carrying amounts:							
At 1 January 2020	182,342	754,042	69,475	1,702	5,560	193,628	1,206,749
At 31 December 2020	208,406	833,789	72,176	1,299	5,711	269,306	1,390,687
At 31 December 2021	**215,992**	**798,086**	**73,197**	**896**	**5,749**	**378,939**	**1,472,859**

15.1.1 Represents amounts transferred to right of use assets, customers and related parties.

15.1.2 Borrowing cost capitalised to property, plant and equipment for the Group was ₦0.85 billion (2020: ₦2.03 billion) calculated at an average interest rate of 7.5`% (2020: 7.5%)

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

15. Property, plant and equipment continued

15.2 The Company

	Leasehold improvement and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-In-progress ₦'million	Total ₦'million
Cost							
At 1 January 2020	52,287	635,120	144,807	4,028	4,124	35,179	875,545
Additions	-	786	722	-	30	55,557	57,095
Reclassifications	18,056	7,211	25,379	-	398	(51,044)	-
Transfers (Note 15.2.1)	-	(554)	-	-	-	3,392	2,838
Disposal	-	(63)	(6,206)	-	-	-	(6,269)
Balance at 31 December 2020	70,343	642,500	164,702	4,028	4,552	43,084	929,209
At 1 January 2021	70,343	642,500	164,702	4,028	4,552	43,084	929,209
Additions	1,310	131	1,445	-	147	69,371	72,404
Reclassifications	18,264	9,374	27,049	-	506	(55,193)	-
Transfers (Note 15.2.1)	-	(4,859)	(4)	-	-	(5,712)	(10,575)
Disposal	-	-	(5)	-	(7)	(857)	(869)
Write-off	-	-	(122)	-	-	-	(122)
Balance at 31 December 2021	**89,917**	**647,146**	**193,065**	**4,028**	**5,198**	**50,693**	**990,047**
Accumulated depreciation & impairment							
At 1 January 2020	15,710	209,942	98,970	2,326	2,763	-	329,711
Depreciation expense	2,382	29,700	20,667	403	685	-	53,837
Disposal	-	(63)	(6,202)	-	-	-	(6,265)
Balance at 31 December 2020	18,092	239,579	113,435	2,729	3,448	-	377,283
At 1 January 2021	18,092	239,579	113,435	2,729	3,448	-	377,283
Depreciation expense	3,276	30,338	23,170	403	704	-	57,891
Disposal	-	-	(4)	-	(6)	-	(10)
Balance at 31 December 2021	**21,368**	**269,917**	**136,601**	**3,132**	**4,146**	**-**	**435,164**
Carrying amounts:							
At 1 January 2020	36,577	425,178	45,837	1,702	1,361	35,179	545,834
At 31 December 2020	52,251	402,921	51,267	1,299	1,104	43,084	551,926
At 31 December 2021	**68,549**	**377,229**	**56,464**	**896**	**1,052**	**50,693**	**554,883**

15.2.1 Represents amounts transferred to customers and related parties.

15.2.2 Borrowing cost capitalised to property, plant and equipment for the Group was ₦0.34 billion (2020: N1.0 billion) calculated at an average interest rate of 6.4% (2020: 6.4%)

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

15. Property, plant and equipment continued

15.3 Capital work in progress

Capital work in progress comprises amounts incurred with respect to Leasehold improvements and buildings, Plant and machinery, Motor vehicles as well as Furniture and equipment during the year.

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Closing capital work in progress is analysed as follows:				
Leasehold improvements and buildings	8,156	9,039	751	8,180
Plant and machinery	333,695	243,488	15,063	18,720
Motor vehicles	36,941	15,407	34,879	14,828
Furniture & equipment	147	1,372	-	1,356
	378,939	**269,306**	**50,693**	**43,084**

16 Intangible assets

	Group			Company	
	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million	Computer software ₦'million	Total ₦'million
Cost					
At 1 January 2020	4,649	2,424	7,073	1,397	1,397
Additions	253	298	551	142	142
Transfers (Note 16.1)	-	851	851	-	-
Write off	(36)	(1,606)	(1,642)	-	-
Effect of foreign currency exchange rates differences	505	1,358	1,863	-	-
Balance at 31 December 2020	5,371	3,325	8,696	1,539	1,539
At 1 January 2021	5,371	3,325	8,696	1,539	1,539
Additions	557	291	848	31	31
Write off	(78)	-	(78)	-	-
Effect of foreign currency exchange rates differences	(83)	(4)	(87)	-	-
Balance at 31 December 2021	**5,767**	**3,612**	**9,379**	**1,570**	**1,570**
Accumulated amortization and impairment					
At 1 January 2020	3,330	80	3,410	1,328	1,328
Amortization expense	253	60	313	31	31
Transfers (Note 16.1)	-	(143)	(143)	-	-
Effect of foreign currency exchange rates differences	297	265	562	-	-
Balance at 31 December 2020	3,880	262	4,142	1,359	1,359
At 1 January 2021	3,880	262	4,142	1,359	1,359
Amortization expense	240	38	278	64	64
Impairment	(78)	-	(78)	-	-
Effect of foreign currency exchange rates differences	(69)	(16)	(85)	-	-
Balance at 31 December 2021	**3,973**	**284**	**4,257**	**1,423**	**1,423**
Carrying amounts:					
At 1 January 2020	1,319	2,344	3,663	69	69
At 31 December 2020	1,491	3,063	4,554	180	180
At 31 December 2021	**1,794**	**3,328**	**5,122**	**147**	**147**

Computer software represents software which is amortized on a straight line basis.

Exploration assets are amortized in line with the useful life of the mines.

Amortisation of intangible assets is included in note 7 and note 8.
There are no development expenditure capitalised as internally generated intangible asset.

16.1 Represent assets transferred to property plant and equipment from exploration assets in 2020

17 Right of use assets

17.1 The Group

	Land and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Total ₦'million
Cost				
At 1 January 2020	12,329	304	1,147	13,780
Additions	993	613	37	1,643
Transfers (Note 17.1.1)	(48)	-	-	(48)
Effect of foreign currency exchange rates differences	634	177	238	1,049
Balance at 31 December 2020	13,908	1,094	1,422	16,424
At 1 January 2021	13,908	1,094	1,422	16,424
Additions	1,494	372	181	2,047
Transfers (Note 17.1.1)	6,024	-	-	6,024
Disposal	-	(289)	-	(289)
Effect of foreign currency exchange rates differences	(83)	(11)	(17)	(111)
Balance at 31 December 2021	**21,343**	**1,166**	**1,586**	**24,095**
Accumulated depreciation				
At 1 January 2020	1,306	135	383	1,824
Depreciation expense	1,241	257	253	1,751
Effect of foreign currency exchange rates differences	54	76	125	255
Balance at 31 December 2020	2,601	468	761	3,830
At 1 January 2021	2,601	468	761	3,830
Depreciation expense	1,308	328	310	1,946
Transfers (Note 17.1.1)	126	-	-	126
Disposal	-	(289)	-	(289)
Effect of foreign currency exchange rates differences	(62)	(5)	(17)	(84)
Balance at 31 December 2021	**3,973**	**502**	**1,054**	**5,529**
Carrying amounts:				
At 1 January 2020	11,023	169	764	11,956
At 31 December 2020	11,307	626	661	12,594
Balance at 31 December 2021	**17,370**	**664**	**532**	**18,566**

The Group leases several assets including cement depots, residential apartments, trucks, trailers, fleet vehicles, forklifts and land. The average lease term is 15.6 years (2020: 18.9 years)

Approximately 26 (2020: 38) 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 of leases reclassed from property, plants and equipment.

17 Right of use assets continued

17.2 The Company

	Land and buildings ₦'million	Total ₦'million
Cost		
At 1 January 2020	1,648	1,648
Additions	873	873
Balance at 31 December 2020	2,521	2,521
At 1 January 2021	2,521	2,521
Additions	966	966
Balance at 31 December 2021	**3,487**	**3,487**
Accumulated depreciation		
At 1 January 2020	654	654
Depreciation expense	703	703
Balance at 31 December 2020	1,357	1,357
At 1 January 2021	1,357	1,357
Depreciation expense	765	765
Balance at 31 December 2021	**2,122**	**2,122**
Carrying amounts:		
At 1 January 2020	994	994
At 31 December 2020	1,164	1,164
Balance at 31 December 2021	**1,365**	**1,365**

The Company leases several assets including cement depots, residential apartments. The average lease term is 2.50 years (2020: 2.66 years).

Approximately 26 of the 71 (2020: 33 of the 69) 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 ₦966 million (2020: ₦873 million).

17.3 Recognized in Profit or Loss

	Group		Company	
	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2020 ₦'million
Amounts recognized in profit or loss:				
Depreciation expense on right-of-use assets	1,946	1,751	765	703
Interest expense on lease liabilities	842	654	36	27
Expense relating to short-term leases	443	331	153	219

At 31 December 2021, the Group is committed to ₦0.80 billion (2020: ₦1.06 billion) for short-term leases.

All payments for lease are fixed.

The total cash outflow for leases amount to ₦2.64 billion (2020: ₦1.96 billion)

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	
			31/12/2021	31/12/2020
Dangote Cement South Africa (Pty) Limited	Cement production	South Africa	64.00%	64.00%
Dangote Cement (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	Bagging and distribution of cement	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	Bagging and distribution of cement	Ghana	100.00%	100.00%
Dangote Cement - Liberia Ltd.	Bagging and distribution of cement	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 Limited	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 Limited, Tanzania	Contracting Services	Tanzania	99.70%	99.70%
Dangote Mining Niger S.A	Limestone mining	Niger	88.00%	88.00%
Dangote Ceramics Limited	Manufacturing of ceramics products	Nigeria	99.00%	99.00%
Indirect Subsidiaries				
Dangote Cement South Africa (Pty) Limited Subsidiaries				
Sephaku Development (Pty) Ltd	Mining right holder	South Africa	85.00%	85.00%
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 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%	80.00%

18 Information regarding subsidiaries and associate continued

Indirect Subsidiaries	Principal Activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/2021	**31/12/2020**
Benificial Ingenuity (Pty) Limited Subsidiary				
Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	52.00%	52.00%
Dangote Cement Zambia Limited				
Dangote Quarries (Zambia) Limited	Limestone mining	Zambia	99.997%	99.997%
Dangote Fuels Zambia Limited	Selling and distribution of fuels	Zambia	99.00%	99.00%
Dangote Cement Nepal Pvt. Limited subsidiary				
Birat Cement Pvt. Limited	Cement production and distribution	Nepal	100.00%	100.00%

18.2 Investments in subsidiaries

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Dangote Cement South Africa (Pty) Limited	-	-	27,922	27,922
Dangote Cement (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	-	-	135	135
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	-	-	31	31
Dangote Cement Burkina faso SA	-	-	3	3
Dangote Cement Chad SA	-	-	3	3
Dangote Cement Mali SA	-	-	3	3
Dangote Cement Niger SARL	-	-	7	7
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
Itori Cement Plc.	-	-	1	1
Okpella Cement Plc.	-	-	1	1
DCP Cement Limited	-	-	1	1
Dangote Ceramics Limited	-	-	10	10
Dangote Cement Yaounde	-	-	22	-
Dangote Mining Niger S.A	-	-	-	-
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	-	-	-	-
Dangote Cement Limited, Tanzania	-	-	-	-
Dangote Contracting Services Limited, Tanzania	-	-	-	-
	-	-	**162,268**	**162,246**

18. Information regarding subsidiaries and associate continued

18.3 Investment in associate

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Societe des Ciments d' Onigbolo	1,582	1,582	1,582	1,582
Accumulated share of profit	4,129	3,379	-	-
	5,711	4,961	1,582	1,582
Current year share of profit	817	750	-	-
	6,528	**5,711**	**1,582**	**1,582**

The Group holds 43% of the voting rights in Societe des Ciments d' Onigbolo, a cement producing company incorporated in the Republic of Benin.

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	
		31/12/2021	31/12/2020
Cement production	Congo	1	1
Bagging and distribution of cement	Liberia	1	1
Bagging and distribution of cement	Ghana	1	1
Cement production	Nepal	1	1

Principal activity	Place of incorporation and operation	Number of non- wholly-owned subsidiaries	
		31/12/2021	31/12/2020
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
Bagging and distribution of cement	Sierra Leone	1	1
Bagging and distribution of cement	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	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	1

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18. Information regarding subsidiaries and associate continued

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

The table below shows details of the 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	
		31/12/2021	31/12/2020	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Dangote Cement South Africa (Pty) Limited	South Africa	36.00%	36.00%	315	319	15,821	15,640

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

There are no changes to the Company's shareholding during the year. Also, no entity was incorporated.

18.7 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.

18.8 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) Limited	
	31/12/2021 ₦'million	31/12/2020 ₦'million
Information in respect of the financial position of the subsidiaries		
Current assets	22,805	25,947
Non-current assets	74,068	79,151
Current liabilities	45,358	36,215
Non-current liabilities	2,326	20,197
Equity attributable to owners of the Company	49,084	48,617
Non-controlling interests	105	68
Information in respect of the profit and loss and other comprehensive income		
Revenue	69,122	52,698
Expenses	(66,121)	(51,184)
Tax expense	(2,126)	(629)
Profit for the year	**875**	**885**
Profit attributable to owners of the Company	838	861
Profit attributable to the non-controlling interests	37	24
Profit for the year	**875**	**885**
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**875**	**885**
Total comprehensive income attributable to owners of the Company	838	861
Total comprehensive income attributable to the non-controlling interests	37	24
Total comprehensive income for the year	**875**	**885**
Information in respect of the cash flows of the Subsidiary		
Dividends paid to non-controlling interests	-	(45)
Net cash inflow from operating activities	8,915	5,686
Net cash inflow from investing activities	(907)	102
Net cash (outflow) from financing activities	(12,143)	(6,231)
Net cash outflow	**(4,135)**	**(443)**

19. Prepayments

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
19.1 Non-current				
Advance to contractors	4,759	22,608	211	5,000
Prepayment for road infrastructure tax credit	-	14,605	-	14,605
Total non-current prepayments	**4,759**	**37,213**	**211**	**19,605**
19.2 Prepayments and other current assets				
Advance to contractors	17,055	17,728	7,051	1,942
Advance payment to suppliers	101,247	34,862	92,184	27,021
Rent, rates and insurance	3,495	2,339	1,298	971
Prepayment for road infrastructure tax credit	212	8,418	212	8,418
Total current prepayments and other assets	**122,009**	**63,347**	**100,745**	**38,352**
Due from related parties - current (Note 31)				
Parent company	27,929	8,522	27,929	8,522
Loans to parent company	50,000	70,000	50,000	70,000
Entities controlled by the parent company	111,724	106,657	106,224	101,345
Affiliates and associates of parent company	60	35	-	-
Subsidiaries	-	-	219,888	186,847
Total current receivables from related parties	**189,713**	**185,214**	**404,041**	**366,714**
Prepayments and other current assets	**311,722**	**248,561**	**504,786**	**405,066**

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 AGO, coal and other materials which were not received at the year end.

20 Inventories

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Finished product	6,574	5,887	2,625	3,203
Work-in-progress	13,338	8,929	2,245	2,005
Raw materials	14,561	5,434	7,029	2,188
Packaging materials	12,618	4,165	7,793	1,152
Consumables	16,602	12,834	10,057	8,090
Fuel	13,577	6,219	5,822	3,453
Spare parts	76,207	58,727	43,398	31,843
Goods in transit	13,728	6,075	9,452	2,611
	167,205	**108,270**	**88,421**	**54,545**

The cost of inventories recognized as an expense during the year was ₦331.84 billion and ₦211.89 billion (2020: ₦243.43 billion and ₦90.75 billion) in the consolidated and separate financial statements respectively.

The amount recognized as inventories obsolescence during the year was ₦280.3 million (2020: 4.5 million) for Group and Nil (2020: nil) for Company.

The amount recognized as inventories write back during the year was ₦20.61 million (2020: Nil) for Group and Nil (2020: Nil) for Company.

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

21. Trade and other receivables

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Trade receivables	14,395	15,496	5,819	5,108
Impairment allowance on trade receivables	(1,685)	(1,344)	(1,484)	(1,082)
	12,710	**14,152**	**4,335**	**4,026**
Staff loans and advances	553	1,952	21	1,527
Value added tax receivables	6,720	2,630	-	-
Receivables from registrar	1,217	1,143	1,217	1,143
Other receivables*	26,269	15,317	10,225	8,133
Total trade and other receivables	**47,469**	**35,194**	**15,798**	**14,829**

Of the trade receivables balance at the end of the year in the consolidated and separate financial statements, ₦958 million (2020: ₦930.0 million) represents the largest trade receivable balance due from a single customer at both the Group and Company level. There are no customers who represent more than 10% of the total balance of trade receivables of the Group after impairment.

* Included in other receivables is ₦5.72 billion (2020:₦5.72 billion) due from the Parent company (Dangote Industries Limited).

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (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 recognized 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.

Movement in impairment loss allowance of ₦341 million (2020: ₦188 million) relates to additional provision made during the year for the Group and ₦402 million relates to the Company (2020: ₦51.6 million relates to reversal of provision).

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 segment.

Group

31 December 2021	**Not past due ₦'million**	**<30 days ₦'million**	**31-60 days ₦'million**	**61-90 days ₦'million**	**>90 days ₦'million**	**Total ₦'million**
Expected credit loss rate	2.1%	0.3%	2.1%	90.1%	79.1%	
Estimated total gross carrying amount at default	6,204	6,304	(22)	263	1,646	14,395
Lifetime ECL	**130**	**14**	**-**	**238**	**1,303**	**1,685**

31 December 2020	**Not past due ₦'million**	**<30 days ₦'million**	**31-60 days ₦'million**	**61-90 days ₦'million**	**>90 days ₦'million**	**Total ₦'million**
Expected credit loss rate	3.0%	2.4%	0.1%	3.1%	41.6%	
Estimated total gross carrying amount at default	8,744	3,732	325	341	2,354	15,496
Lifetime ECL	**262**	**90**	**-**	**11**	**981**	**1,344**

Company

31 December 2021	**Not past due ₦'million**	**<30 days ₦'million**	**31-60 days ₦'million**	**61-90 days ₦'million**	**>90 days ₦'million**	**Total ₦'million**
Expected credit loss rate	0.0%	0.3%	0.0%	93.0%	87.0%	
Estimated total gross carrying amount at default	3,682	451	-	255	1,431	5,819
Lifetime ECL	**-**	**1**	**-**	**237**	**1,246**	**1,484**

21. Trade and other receivables continued

31 December 2020	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Expected credit loss rate	0.0%	3.5%	0.2%	6.0%	47.0%	
Estimated total gross carrying amount at default	91	2,623	137	174	2,083	5,108
Lifetime ECL	**-**	**91**	**-**	**10**	**981**	**1,082**

22 Lease receivables

Leasing arrangements
Amounts receivable under finance leases:

	Group & Company			
	Minimum lease payments		Present value of minimum Lease payment	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Year 1	4,692	6,919	3,751	5,249
Year 2	3,857	7,043	3,404	3,216
Year 3	2,174	4,141	2,041	3,065
Year 4	435	3,340	400	3,209
Year 5	142	953	136	356
	11,300	**22,396**	**9,732**	**15,095**
Less: unearned finance income	(1,568)	(7,301)	-	-
Present value of minimum lease payments receivale	9,732	15,095	9,732	15,095
Allowance for uncollectible lease	-	-	-	-
Net investment in the lease	**9,732**	**15,095**	**9,732**	**15,095**
Analysed as follows:				
Recoverable within 12 months	4,691	6,919	3,752	5,249
Recoverable after 12 months	6,609	15,477	5,980	9,846
	11,300	**22,396**	**9,732**	**15,095**

The Company entered into finance lease arrangements for some of its trucks. All leases are denominated in Naira. The average term of finance leases entered into is 4.17 years (2020: 4.17 years).

During the year, the Group recognized interest income on lease receivables of ₦1.66 billion (2020: ₦2.42 billion).

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 9.06% (2020: 9.06%) 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 leasees operate, together with the value of collateral held over these finance lease receivables, the directors consider that no finance lease receivables is impaired.

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

Group & Company

31 December 2021	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Estimated total gross carrying amount at default	9,693	5	19	13	2	9,732

31 December 2020	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Estimated total gross carrying amount at default	15,030	12	3	2	48	15,095

23. Share capital

		Group/Company	
		31/12/2021 ₦'million	31/12/2020 ₦'million
	Issued and fully paid		
23.1	Share capital 17,040,507,404 (2020: 17,040,507,404) ordinary shares of ₦0.5 each	8,520	8,520
23.2	Share premium	42,430	42,430

23.3 Authorised share capital as at reporting dates represents 20,000,000,000 units of ordinary shares of ₦0.5 each. Out of the total units of issued and fully paid share capital, 40,200,000 units are held by the Company.

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

23.4 Securities trading policy

The Board of Directors have established an Insider Trading Policy designed to prohibit dealing in Dangote Cement Plc. shares or securities on the basis of potentially price sensitive information that is not yet in the public domain. This is in line with the Rules of the NSE, the Investment and Securities Act (ISA) 2007 and the SEC Rules and Regulations. All Directors complied with the Insider Trading Policy during the year under review, and the free float of the Company is in compliance with the NSE's free float requirements, as its value is above the threshold of forty billion Naira as mandated by the NSE.

23.5 Treasury shares

On the 31 December 2020, the Company embarked on a share buy-back programme, buying back 40,200,000 units of its shares at a total cost of ₦9.8 billion which included the par value of the shares and additional premium paid on it. At 31 December 2021, the Company held 40,200,000 (2020: 40,200,000) of its own shares.

23.6 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 recognized as a capital contribution.

23.7 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 recognized 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.

24 Dividend

On 26 May 2021, a dividend of ₦16.00. per share was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to 2020 financial year.

In respect of the current year, the Directors proposed a dividend of ₦20.00 per share (2020: ₦16.00). 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	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Trade payables	105,518	56,168	71,979	38,676
Payable to contractors	44,227	123,099	14,665	12,270
Value added tax	11,494	7,635	6,583	4,760
Withholding tax payable	25,123	22,898	1,654	1,981
Staff pension (Note 29.1)	470	722	15	15
Advances from customers	94,847	69,193	79,779	49,745
Dividend payables	4,550	4,013	4,550	4,013
Suppliers' credit	12,773	2,859	12,773	2,859
Accruals	72,222	62,801	22,413	25,926
Total trade and other payables	**371,224**	**349,388**	**214,411**	**140,245**

The average credit period on purchases of goods is 70 days and 76 days (2020: 47 days and 63 days) for Group and Company respectively. 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.

Contract liabilities are made up of advances from customers for cement and clinker yet to be delivered out of which ₦66.6 billion (2020: ₦58.0 billion) and ₦47.1 billion (2020: ₦47.0 billion) for Group and Company respectively relating to brought forward balances was recognised in revenue.

26 Financial liabilities

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Unsecured borrowings at amortised cost				
Bulk Commodities loans (Note 26.1)	21,801	23,515	1,400	1,322
Loans from Dangote Oil & Gas	-	32,905	-	32,905
Bond (Note 26.2)	147,789	98,423	147,789	98,423
Commercial papers (Note 26.3)	38,974	110,970	38,974	110,970
Bank loans (Note 26.4)	134,533	33,561	117,837	10,529
	343,097	299,374	306,000	254,149
Secured borrowings at amortised cost				
Power intervention loan	250	2,238	250	2,238
Bank loans (Note 26.4)	221,593	181,498	151,270	93,242
	221,843	183,736	151,520	95,480
Total loans and borrowings	**564,940**	**483,110**	**457,520**	**349,629**
Financial liabilities (Non-current)	**176,562**	**158,908**	**147,789**	**98,577**
Current portion repayable in one year and shown as current liabilities	311,903	319,406	240,977	251,052
Overdraft balances (Note 32.1)	76,475	4,796	68,754	-
Current portion of loans and borrowings	388,378	324,202	309,731	251,052
Interest payable	13,015	10,809	5,359	7,228
Financial liabilities (Current)	**401,393**	**335,011**	**315,090**	**258,280**

26 **Financial liabilities** continued

26.1 The loans from Bulk Commodities International, a related party, are denominated in USD with interest rate ranging from 6% to 8.5% per annum.

26.2 The Company issued bonds with a total face value of ₦150 billion and a coupon rate of 11.25% to 13.5%. The tenure is between 3 to 7 years.

26.3 Commercial papers were issued under a programme with a face value of ₦41 billion. The tenure is between 90 days and 270 days with discount ranging from 8.5% to 10.0%.

26.4 Bank loans include Letters of credit (LCs) obtained to finance inventories, property, plant and equipment. The average interest rate is Libor plus 7.4%.

26.5 In 2020, the Company entered into foreign currency swap which is carried at fair value. The amount represents a liability arising from the foreign currency swap arrangement.

				Group	
				31/12/2021	**31/12/2020**
Loans	**Currency**	**Nominal interest rate**	**Maturity**	**₦'million**	**₦'million**
Bank overdrafts			On demand	76,475	4,796
Other borrowings:					
Loan from Bulk Commodities Inc.	USD	6.0% - 8.5%	On demand	21,801	23,515
Loans from Dangote Oil & Gas	Naira	Libor + 7.5%	On demand	-	32,905
Power intervention loan	Naira	5.0%	01/2022	250	2,238
Commercial paper	Naira	8.5.0% - 10.0%	2022	38,974	110,970
Bond	Naira	11.25 -13.5%	2025 - 2027	147,789	98,423
Short term loans from banks	USD	Libor + 7.4%	2022	230,816	138,107
Standard Chartered	USD	Libor + 6%	04/2022	9,757	19,611
Long term loans from banks	USD	Libor + 4%	2027	14,210	-
Long term loans from banks	CFA	7.25% - 8.5%	2025	7,390	25,630
Nedbank/Standard Bank Loan	Rands	JIBAR + 4%	11/2022	17,478	26,915
				488,465	478,314
Total borrowings				**564,940**	**483,110**

				Company	
				31/12/2021	**31/12/2020**
Loans	**Currency**	**Nominal interest rate**	**Maturity**	**₦'million**	**₦'million**
Bank overdrafts			On demand	68,754	-
Loan from Bulk Commodities Inc.	USD	6.0%	On demand	1,400	1,322
Loans from Dangote Oil & Gas	Naira	Libor + 7.5%	On demand	-	32,905
Power intervention loan	Naira	5.0%	01/2022	250	2,238
Commercial paper	Naira	8.5.0% - 10.0%	2022	38,974	110,970
Bond	Naira	11.25 -13.5%	2025 - 2027	147,789	98,423
Short term loans from Banks	USD	Libor + 7.4%	2022	200,353	103,771
				388,766	349,629
Total borrowings				**457,520**	**349,629**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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26 Financial liabilities continued

26.6 The maturity profiles of borrowings are as follows:

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Due within one month	85,561	13,432	69,004	406
Due from one to three months	25,244	90,727	15,200	82,250
Due from three to twelve months	277,573	220,043	225,527	168,396
Total current portion repayable in one year	388,378	324,202	309,731	251,052
Due in the second year	5,536	26,198	-	154
Due in the third year	23,389	25,640	3,643	-
Due in the fourth year	103,481	100,580	98,423	-
Due in the fifth year and further	44,156	6,490	45,723	98,423
Total long-term portion of borrowings	176,562	158,908	147,789	98,577
Total	**564,940**	**483,110**	**457,520**	**349,629**

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 and Company's consolidated and separate statements of cash flows as cash flows from financing activities.

	Group				
	31/12/2020 ₦'million	**Financing Cashflows ₦'million**	**Exchange (gains)/losses ₦'million**	**Others ₦'million**	**31/12/2021 ₦'million**
Bulk Commodities loans	23,515	-	(1,714)	-	**21,801**
Loans from Dangote Oil & Gas	32,905	(32,873)	(32)	-	**-**
Power intervention loan	2,238	(2,376)	-	388	**250**
Commercial papers	110,970	(71,996)	-	-	**38,974**
Bond	98,423	49,256		110	**147,789**
Bank loans	210,263	62,273	6,472	643	**279,651**
	478,314	**4,284**	**4,726**	**1,141**	**488,465**

	Company				
	31/12/2020 ₦'million	**Financing Cashflows ₦'million**	**Exchange (gains)/losses ₦'million**	**Others ₦'million**	**31/12/2021 ₦'million**
Bulk Commodities loans	1,322	-	78	-	**1,400**
Loans from Dangote Oil & Gas	32,905	(32,873)	(32)	-	**-**
Power intervention loan	2,238	(2,376)	-	388	**250**
Commercial papers	110,970	(71,996)	-	-	**38,974**
Bond	98,423	49,256	-	110	**147,789**
Bank loans	103,771	92,385	3,554	643	**200,353**
	349,629	**34,396**	**3,600**	**1,141**	**388,766**

	Group				
	01/01/2020 ₦'million	**Financing Cashflows ₦'million**	**Exchange (gains)/losses ₦'million**	**Others ₦'million**	**31/12/2020 ₦'million**
Loans from Dangote Industries Limited	37,006	(36,097)	(909)	-	**-**
Bulk Commodities loans	19,588	1,956	1,971	-	**23,515**
Loans from Dangote Oil & Gas	29,736	3,137	32	-	**32,905**
Power intervention loan	5,320	(2,625)	-	(457)	**2,238**
Commercial papers	137,505	(26,535)	-	-	**110,970**
Bond	-	98,423	-	-	**98,423**
Bank loans	110,467	84,666	15,130	-	**210,263**
	339,622	**122,925**	**16,224**	**(457)**	**478,314**

26 Financial liabilities continued

	Company				
	01/01/2020 ₦'million	Financing Cashflows ₦'million	Exchange (gains)/losses ₦'million	Others ₦'million	31/12/2020 ₦'million
Loans from Dangote Industries Limited	37,006	(36,097)	(909)	-	**-**
Bulk Commodities loans	1,204	-	118	-	**1,322**
Loans from Dangote Oil & Gas	29,736	3,137	32	-	**32,905**
Power intervention loan	5,320	(2,625)	-	(457)	**2,238**
Commercial papers	137,505	(26,535)	-	-	**110,970**
Bond	-	98,423			**98,423**
Bank loans	14,759	86,375	2,637	-	**103,771**
	225,530	**122,678**	**1,878**	**(457)**	**349,629**

27 Deferred Revenue and other current liabilities

	Group		Company	
27.1 Deferred Revenue	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Deferred revenue arising from government grant (refer to (a) below	670	444	299	37
	670	**444**	**299**	**37**
Current (Note 27.2)	34	70	1	37
Non-current	636	374	298	-
	670	**444**	**299**	**37**

a) The deferred revenue mainly arises as a result of the benefits received from government. The income recognized in current year was recorded in other income line.

Movement in Deferred revenue

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
At 1 January	444	516	37	156
Additions during the year	298	-	298	-
	742	516	335	156
Released to profit and loss account (Other income)	(71)	(148)	(36)	(119)
Effect of foreign exchange differences	(1)	76	-	-
Closing balance	**670**	**444**	**299**	**37**

27.2 Other current liabilities				
Current portion of deferred revenue (Note 27.1)	34	70	1	37
Due to related parties - current (Note31)				
Entities controlled by the parent company	101,806	50,387	95,407	42,513
Affiliates and associates of parent company	46,454	33,003	26,080	23,272
Subsidiaries	-	-	40,091	15,887
Total current payables to related parties	148,260	83,390	161,578	81,672
Other current liabilities	**148,294**	**83,460**	**161,579**	**81,709**

28 Provisions

	Group					
	31/12/2021			31/12/2020		
	Site Restoration ₦'million	Others* ₦'million	Total ₦'million	Site Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at beginning of the year	6,913	1,136	8,049	2,869	815	3,684
Effect of foreign exchange differences	(914)	412	(502)	274	43	317
Provisions made during the year	(9)	275	266	2,793	278	3,071
Transfer from short term	-	-	-	717	-	717
Unwinding of discount	615	-	615	260	-	260
Balance at the end of the year	**6,605**	**1,823**	**8,428**	**6,913**	**1,136**	**8,049**

	Company					
	31/12/2021			31/12/2020		
	Site Restoration ₦'million	Others ₦'million	Total ₦'million	Site Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at beginning of the year	5,049	-	5,049	1,950	-	1,950
Provisions made during the year	(52)	-	(52)	2,865	-	2,865
Unwinding of discount	576	-	576	234	-	234
Balance at the end of the year	**5,573**	**-**	**5,573**	**5,049**	**-**	**5,049**

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 of the mines.

The provision for site restoration represents an estimate of the costs involved in restoring production sites at the end of the expected life of the quarries. The provision is an estimate based on management's re-assessment. It is expected that the restoration cost will happen over a period of time for the Group and Company. The long term inflation and discount rates used in the estimate for Nigerian entities were 12.0% and 13.5%. (2020: 10.7% and 11.4%)

* Others include non-current witholding tax payable on interest.

29 Employee benefits

Employee benefits include defined contribution plans and long servive awards. These are analysed as follows:

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
29.1 Defined contribution plans (Note 25)				
Balance at beginning of the year	722	393	15	8
Provision for the year	3,546	3,073	1,372	1,251
Payments during the year	(3,821)	(2,744)	(1,372)	(1,244)
Effect of foreign exchange differences	23	-	-	-
Balance at the end of the year	**470**	**722**	**15**	**15**

29 Employee benefits continued

29.2 Employee benefit obligations

The Group operates an unfunded long service award for qualifying employees of the Group. Under the plan, the employees are entitled to benefits such as gift items, Ex-Gratia (expressed as a multiple of Monthly Basic Salary), a plaque and certificate on attainment of a specific number of years in service. The most recent actuarial valuations of the present value of the long service award were carried out as at 31 December, 2020 by Ernst & Young Nigeria (FRC registration number: FRC/2012/NAS/00000000738) The present value of the long service award, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

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

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

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

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

	Company	
	31/12/2021	**31/12/2020**
	%	**%**
Discount rate(s)	13.50	8.00
Expected rate(s) of salary increase	12.00	12.00
Inflation rate	12.00	12.00

Movements in the present value of the long service awards are as follows:

	Group		Company	
	31/12/2021	**31/12/2020**	**31/12/2021**	**31/12/2020**
	₦'million	**₦'million**	**₦'million**	**₦'million**
At 1 January	3,581	-	3,552	-
Current service cost	877	2,683	614	2,655
Interest cost	301	294	277	291
Remeasurement loss/gain				
Actuarial (gain)/loss	(1,458)	736	(1,378)	736
Benefits paid	(100)	(132)	(93)	(130)
Effect of foreign exchange differences	18	-	-	-
At 31 December	**3,219**	**3,581**	**2,972**	**3,552**

The actual return on plan assets in 2021 was nil (2020: nil)

Amounts recognized in profit or loss in respect of these long service awards are as follows.

	Group		Company	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Current service cost	877	2,683	614	2,655
Net Interest expense	301	294	277	291
Actuarial (gain)/loss	(1,458)	736	(1,378)	736
	(280)	**3,713**	**(487)**	**3,682**

29 Employee benefits continued

The amount included in the consolidated and separate statements of financial position arising from the entity's obligation in respect of its long service awards is as follows.

	Group		Company	
	12/31/2021 ₦'million	**12/31/2020 ₦'million**	**12/31/2021 ₦'million**	**12/31/2020 ₦'million**
Present value of long service awards	3,219	3,581	2,972	3,552
Net liability arising from long service award	**3,219**	**3,581**	**2,972**	**3,552**

• If the discount rate is 100 basis points higher (lower), the long service award at 31 December 2021 would decrease by ₦258.79 million (increase by ₦299.36 million) (2020: decrease by ₦309.29 million (increase by ₦ 357.79 million)).

• If the expected salary growth increases (decreases) by 1%, the long service award as at 31 December 2021 would increase by ₦194.90 million (decrease by ₦171.01 million) (2020: increase by ₦232.94million (decrease by ₦204.38 million)).

• If the assumed mortality age is rated up (down) by one year, the long service award as at 31 December 2021 would decrease by ₦17.67 million (increase by ₦16.07 million) (2020: decrease by ₦21.12 million (increase by ₦19.20 million)).

The sensitivity analysis presented above may not be representative of the actual change in the long service award as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the long service award has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the long service awards liability recognized in the statement of financial position.

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 cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed below.

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Net debt	225,097	337,275	184,957	280,781
Equity	983,669	890,970	1,461,472	1,352,377

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.

The net debt to equity ratio as on 31 December 2021 is 23% (2020: 38%).

30.1.1 Debt to equity ratio

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

	Group		Company	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Financial liabilities (Note 26)	564,940	483,110	457,520	349,629
Cash and cash equivalents (Note 32.1)	339,843	145,835	272,563	68,848
Net debt	225,097	337,275	184,957	280,781
Equity	983,669	890,970	1,461,472	1,352,377
Net debt/ Equity ratio	**0.23**	**0.38**	**0.13**	**0.21**

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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30. Financial Instruments continued

30.2 Categories of financial instruments

Group						
31/12/2021	**Amortised Cost ₦'million**	**FVTPL ₦'million**	**FVTOCI ₦'million**	**Total Financial ₦'million**	**Non Financial ₦'million**	**Total ₦'million**
Assets						
Property, plant and equipment	-	-	-	-	1,472,859	1,472,859
Intangible assets	-	-	-	-	5,122	5,122
Right of use assets	-	-	-	-	18,566	18,566
Investment in associate	-	-	-	-	6,528	6,528
Lease receivables	9,732	-	-	9,732	-	9,732
Deferred tax asset	-	-	-	-	5,163	5,163
Prepayments for property, plant & equipment	-	-	-	-	4,759	4,759
Inventories	-	-	-	-	167,205	167,205
Trade and other receivables	40,749	-	-	40,749	6,720	47,469
Prepayments and other current assets	189,713	-	-	189,713	122,009	311,722
Current tax assets	-	-	-	-	3,051	3,051
Cash and cash equivalents	339,843	-	-	339,843	-	339,843
Total assets	**580,037**	**-**	**-**	**580,037**	**1,811,982**	**2,392,019**
Liabilities						
Trade and other payables	239,760	-	-	239,760	131,464	371,224
Current tax liabilities	-	-	-	-	153,385	153,385
Financial liabilities	577,955	-	-	577,955	-	577,955
Other current liabilities	148,260	-	-	148,260	34	148,294
Lease liabilities	10,206	-	-	10,206	-	10,206
Deferred tax liabilities	-	-	-	-	135,003	135,003
Provisions	-	-	-	-	8,428	8,428
Employees benefits obligations	-	-	-	-	3,219	3,219
Deferred revenue	-	-	-	-	636	636
Total liabilities	**976,181**	**-**	**-**	**976,181**	**432,169**	**1,408,350**

Group						
31/12/2020	**Amortised Cost ₦'million**	**FVTPL ₦'million**	**FVTOCI ₦'million**	**Total Financial ₦'million**	**Non Financial ₦'million**	**Total ₦'million**
Assets						
Property, plant and equipment	-	-	-	-	1,390,687	1,390,687
Intangible assets	-	-	-	-	4,554	4,554
Right of use assets	-	-	-	-	12,594	12,594
Investment in associate	-	-	-	-	5,711	5,711
Lease receivables	15,095	-	-	15,095	-	15,095
Deferred tax asset	-	-	-	-	11,708	11,708
Prepayments for property, plant & equipment	-	-	-	-	37,213	37,213
Inventories	-	-	-	-	108,270	108,270
Trade and other receivables	32,564	-	-	32,564	2,630	35,194
Prepayments and other current assets	185,214	-	-	185,214	63,347	248,561
Current tax assets	-	-	-	-	7,029	7,029
Cash and cash equivalents	145,835	-	-	145,835	-	145,835
Total assets	**378,708**	**-**	**-**	**378,708**	**1,643,743**	**2,022,451**
Liabilities						
Trade and other payables	249,662	-	-	249,662	99,726	349,388
Current tax liabilities	-	-	-	-	59,781	59,781
Financial liabilities	493,919	-	-	493,919	-	493,919
Other current liabilities	83,390	-	-	83,390	70	83,460
Lease liabilities	9,845	-	-	9,845	-	9,845
Derivatives	-	104	-	104	-	104
Deferred tax liabilities	-	-	-	-	122,980	122,980
Provisions	-	-	-	-	8,049	8,049
Employee benefit obligations	-	-	-	-	3,581	3,581
Deferred revenue	-	-	-	-	374	374
Total liabilities	**836,816**	**104**	**-**	**836,920**	**294,561**	**1,131,481**

30. **Financial Instruments** continued

	Company					
31/12/2021	**Amortised Cost ₦'million**	**FVTPL ₦'million**	**FVTOCI ₦'million**	**Total Financial ₦'million**	**Non Financial ₦'million**	**Total ₦'million**
Assets						
Property, plant and equipment	-	-	-	-	554,883	554,883
Intangible assets	-	-	-	-	147	147
Right of use assets	-	-	-	-	1,365	1,365
Investments in subsidiaries	-	-	-	-	162,268	162,268
Investment in associate	-	-	-	-	1,582	1,582
Lease receivables	9,732	-	-	9,732	-	9,732
Prepayments for property, plant & equipment	-	-	-	-	211	211
Receivables from subsidiaries	968,000	-	-	968,000	-	968,000
Inventories	-	-	-	-	88,421	88,421
Trade and other receivables	15,798	-	-	15,798	-	15,798
Prepayments and other current assets	404,041	-	-	404,041	100,745	504,786
Current tax assets	-	-	-	-	2,542	2,542
Cash and cash equivalents	272,563	-	-	272,563	-	272,563
Total assets	**1,670,134**	**-**	**-**	**1,670,134**	**912,164**	**2,582,298**
Liabilities						
Trade and other payables	126,395	-	-	126,395	88,016	214,411
Current tax liabilities	-	-	-	-	146,517	146,517
Financial liabilities	462,879	-	-	462,879	-	462,879
Other current liabilities	161,578	-	-	161,578	1	161,579
Lease liabilities	371	-	-	371	-	371
Deferred tax liabilities	-	-	-	-	126,226	126,226
Provisions	-	-	-	-	5,573	5,573
Employees benefits obligations		-	-	-	2,972	2,972
Deferred revenue	-	-	-	-	298	298
Total liabilities	**751,223**	**-**	**-**	**751,223**	**369,603**	**1,120,826**

	Company					
31/12/2020	**Amortised Cost ₦'million**	**FVTPL ₦'million**	**FVTOCI ₦'million**	**Total Financial ₦'million**	**Non Financial ₦'million**	**Total ₦'million**
Assets						
Property, plant and equipment	-	-	-	-	551,926	551,926
Intangible assets	-	-	-	-	180	180
Right of use assets	-	-	-	-	1,164	1,164
Investments in subsidiaries	-	-	-	-	162,246	162,246
Investment in associate	-	-	-	-	1,582	1,582
Lease receivables	15,095	-	-	15,095	-	15,095
Prepayments for property, plant & equipment	-	-	-	-	19,605	19,605
Receivables from subsidiaries	815,463	-	-	815,463	-	815,463
Inventories	-	-	-	-	54,545	54,545
Trade and other receivables	14,829	-	-	14,829	-	14,829
Prepayments and other current assets	366,714	-	-	366,714	38,352	405,066
Current tax assets	-	-	-	-	5,511	5,511
Cash and cash equivalents	68,848	-	-	68,848	-	68,848
Total assets	**1,280,949**	**-**	**-**	**1,280,949**	**835,111**	**2,116,060**
Liabilities						
Trade and other payables	83,759	-	-	83,759	56,486	140,245
Current tax liabilities	-	-	-	-	58,117	58,117
Financial liabilities	356,857	-	-	356,857	-	356,857
Other current liabilities	81,672	-	-	81,672	37	81,709
Lease liabilities	288	-	-	288	-	288
Derivatives	-	104	-	104	-	104
Deferred tax liabilities	-	-	-	-	117,762	117,762
Provisions	-	-	-	-	5,049	5,049
Employee benefit obligations	-	-	-	-	3,552	3,552
Total liabilities	**522,576**	**104**	**-**	**522,680**	**241,003**	**763,683**

30. Financial Instruments continued

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 effective closing rate as at 31 December 2021 are ₦424.11/US Dollar, ₦470.19/GB Pounds & ₦559.96/Euro (2020: ₦400.33/US Dollar, ₦482.63/GB Pounds & ₦539.16/Euro). 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	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
US Dollars	473,843	252,871	2,759	1,124
GB Pounds	5,382	5,004	9	9
Euro	24,235	14,866	6,815	1,882
Total	**503,460**	**272,741**	**9,583**	**3,015**

	Company			
	Liabilities		Assets	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
US Dollars	385,286	199,881	922,731	987,521
GB Pounds	5,366	4,944	9	9
Euro	19,800	14,805	8,647	5,310
Total	**410,452**	**219,630**	**931,387**	**992,840**

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% (2020:15%) increase and decrease in the Naira against the US Dollar, GB Pounds & Euro. 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	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Effect on Profit or loss/Equity for a 15% (2020:15%) appreciation in Naira:				
US Dollar	49,464	26,434	(56,432)	(82,702)
GB Pounds	564	524	562	518
Euro	1,829	1,363	1,171	997
Total	**51,857**	**28,321**	**(54,699)**	**(81,187)**
Effect on Profit or loss/Equity for a 15% (2020:15%) depreciation in Naira:				
US Dollar	(49,464)	(26,434)	56,432	82,702
GB Pounds	(564)	(524)	(562)	(518)
Euro	(1,829)	(1,363)	(1,171)	(997)
Total	**(51,857)**	**(28,321)**	**54,699**	**81,187**

30. Financial Instruments continued

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 ₦37.07 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.

30.6.1 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		
31/12/2021	**Note**	**External credit rating**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Lease receivables	22	N/A	ii	Lifetime ECL	9,732	-	**9,732**
Trade and other receivables	21	N/A	ii	Lifetime ECL	42,434	(1,685)	**40,749**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	189,713	**-**	**189,713**
Cash and cash equivalents	32.1	i	i	i	339,843	**-**	**339,843**
Total					**581,722**	**(1,685)**	**580,037**

31/12/2020	**Note**	**External credit rating**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Lease receivables	22	N/A	ii	Lifetime ECL	15,095	-	**15,095**
Trade and other receivables	21	N/A	ii	Lifetime ECL	33,908	(1,344)	**32,564**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	185,214	-	**185,214**
Cash and cash equivalents	32.1	i	i	i	145,835	-	**145,835**
Total					**380,052**	**(1,344)**	**378,708**

30. Financial Instruments continued

				Company			
31/12/2021	**Note**	**External credit rating**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Lease receivables	22	N/A	ii	Lifetime ECL	9,732	-	**9,732**
Receivables from subsidiaries	31	N/A	ii	Lifetime ECL	968,000	-	**968,000**
Trade and other receivables	21	N/A	ii	Lifetime ECL	17,282	(1,484)	**15,798**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	404,041	-	**404,041**
Cash and cash equivalents	32.1	i	i	i	272,563	-	**272,563**
Total					**1,671,618**	**(1,484)**	**1,670,134**

31/12/2020	**Note**	**External credit rating**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Lease receivables	22	N/A	ii	Lifetime ECL	15,095	-	**15,095**
Receivables from subsidiaries	31	N/A	ii	Lifetime ECL	815,463	-	**815,463**
Trade and other receivables	21	N/A	ii	Lifetime ECL	15,911	(1,082)	**14,829**
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	366,714	-	**366,714**
Cash and cash equivalents	32.1	i	i	i	68,848	-	**68,848**
Total					**1,282,031**	**(1,082)**	**1,280,949**

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.

ii. 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.

30.7.1 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

		Group			
		Contractual cash flows			
As at 31 December 2021	**Gross carrying amount ₦'million**	**<1 month ₦'million**	**1– 3 months ₦'million**	**3 months – 1yr ₦'million**	**>1 year ₦'million**
Trade and other payables	239,760	226,987	-	12,773	-
Financial liabilities	577,955	99,011	26,075	299,177	244,181
Lease liabilities	10,206	182	364	1,358	52,383
Other current liabilities	148,260	148,260	-	-	-
Total	**976,181**	**474,440**	**26,439**	**313,308**	**296,564**

30. Financial Instruments continued

	Group				
	Gross carrying amount	Contractual cash flows			
As at 31 December 2020	₦'million	<1 month ₦'million	1– 3 months ₦'million	3 months – 1yr ₦'million	>1 year ₦'million
Trade and other payables	249,662	246,803	-	2,859	-
Financial liabilities	493,919	15,751	95,725	233,612	205,855
Lease liabilities	9,845	151	302	1,358	50,093
Other current liabilities	83,390	83,390	-	-	-
Derivatives	104		104	-	-
Total	**836,920**	**346,095**	**96,131**	**237,829**	**255,948**

	Company				
	Gross carrying amount	Contractual cash flows			
As at 31 December 2021	₦'million	<1 month ₦'million	1– 3 months ₦'million	3 months – 1yr ₦'million	>1 year ₦'million
Trade and other payables	126,395	113,622	-	12,773	-
Financial liabilities	462,879	74,363	15,200	245,021	212,556
Other current liabilities	161,578	161,578	-	-	-
Lease liabilities	371	-	-	261	110
Total	**751,223**	**349,563**	**15,200**	**258,055**	**212,666**

	Gross carrying amount	Contractual cash flows			
As at 31 December 2020	₦'million	<1 month ₦'million	1– 3 months ₦'million	3 months – 1yr ₦'million	>1 year ₦'million
Trade and other payables	83,759	80,900	-	2,859	-
Financial liabilities	356,857	2,048	85,987	177,169	140,249
Other current liabilities	81,672	81,672	-	-	-
Lease liabilities	288		-	158	130
Derivatives	104		104	-	-
Total	**522,680**	**164,620**	**86,091**	**180,186**	**140,379**

The Company guaranteed the loans in the subsidiaries amounting to ₦87.0 billion (2020: ₦111.3 billion)

30.7.2 Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Group maintains a centralised treasury department and Group borrowing is done in order to obtain lower interest rates. The Group negotiates long term credit facilities to reduce the risk associated with high cost of borrowing. The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 100 basis points (BP) increase or decrease are used when reporting LIBOR risk internally to key management personnel and these represent management's assessment of the reasonably possible change in interest rates. Please refer to note 26 for interest rates of financial instruments.

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognized at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. The following table details the sensitivity to a 1% (2020: 1%) increase or decrease in interest rates.

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Effect on Profit or loss/Equity for a 1% (2020:1%) increase in rate	(1,693)	(1,213)	1,758	2,270
Effect on Profit or loss/Equity for a 1% (2020:1%) decrease in rate	1,693	1,213	(1,758)	(2,270)

30. Financial Instruments continued

30.7.3 Fair valuation of financial assets and liabilities

Except for bond as shown in table below, the carrying amount of trade and other receivables, cash and cash equivalents, lease receivables, lease liabilities 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.

	Group				Company			
	31/12/2021 Fair value ₦'million	31/12/2021 Carrying amount ₦'million	31/12/2020 Fair value ₦'million	31/12/2020 Carrying amount ₦'million	31/12/2021 Fair value ₦'million	31/12/2021 Carrying amount ₦'million	31/12/2020 Fair value ₦'million	31/12/2020 Carrying amount ₦'million
Bond	147,590	147,789	114,000	98,423	147,590	147,789	114,000	98,423

Fair value hierarchy

Financial instruments in Level 1

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

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

Financial instruments in Level 2

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

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

Financial instruments in Level 3

The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of non-marketability of the equity securities. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

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 and services	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Parent company	22	-	-	-
Entities controlled by the parent company	8,708	15,194	149,869	123,707
Affiliates and associates of the parent company	-	-	77,890	43,049

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

	Sale of goods		Purchases of goods and services	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Parent company	22	-	-	-
Entities controlled by the parent company	8,708	15,194	147,466	115,650
Affiliates and associates of the parent company	-	-	13,264	10,649
Subsidiaries	7,091	4,430	74,714	11,125

In addition to sales and purchases of goods, the Company charged interest amounting to ₦30.2 billion (2020: ₦31.5 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 Nil (2020: ₦487.7 million), being the cost of borrowing to finance capital projects and other operational expenses. In the same vein, the Group charged the Parent company a total interest of ₦14.59 billion (2020: ₦1.69 billion)

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of ₦5.4 billion (2020: ₦5.3 billion) was charged, being an allocation of costs incurred by relevant administrative departments. Also, the Parent company (DIL) provided a guarantee for related parties receivables.

During the year, the Company provided materials and services of ₦16.80 billion (2020: ₦8.81 billion), used in the manufacturing process of subsidiaries.

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

	Company			
	Amounts owed by related parties		**Amounts owed to related parties**	
	31/12/2021 ₦'million	**31/12/2020 ₦'million**	**31/12/2021 ₦'million**	**31/12/2020 ₦'million**
Non Current				
Entities controlled by the Company	968,000	815,463	-	-

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.

31 **Related party transactions** continued

In 2021, amount totalling Nil (2020: ₦3.4 billionl) was impaired from loan receivables from subsidiaries by the Company. This has been included within provision for doubtful debt and bad debt expense for the year ended 31 December 2021.

The Group management has continued to show its intention to provide financial support to its subsidiaries and to assist, when necessary, any subsidiary to obtain financial support in the future and does not envisage any material risk as a result of this. Interest charged to the subsidiaries on the advances extended to them during the year was between 5% to 11%.

During the year, the Company provided financial support to its subsidiaries of ₦164.4 billion (2020: ₦73.1 billion) for capital development and/or for operational purposes. Assistance rendered was always in the form of funds transferred to them for the normal running of their operations or on their behalf to vendors/contractors for settlement of commitments.

Other balances outstanding at the end of the reporting year were:

	Group			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	₦'million	₦'million	₦'million	₦'million
Current				
Parent company	27,929	8,522	-	-
Loans to parent company	50,000	70,000	-	-
Entities controlled by the parent company	111,724	106,657	101,806	50,387
Affiliates and associates of parent company	60	35	46,454	33,003
	189,713	**185,214**	**148,260**	**83,390**

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	₦'million	₦'million	₦'million	₦'million
Current				
Parent company	27,929	8,522	-	-
Loans to parent company	50,000	70,000	-	-
Entities controlled by the parent company	106,224	101,345	95,407	42,513
Affiliates and associates of the parent company	-	-	26,080	23,272
Subsidiaries	219,888	186,847	40,091	15,887
	404,041	**366,714**	**161,578**	**81,672**

31.2 **Loans from related parties**

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	₦'million	₦'million	₦'million	₦'million
Affiliates and associates of the parent company	21,801	23,515	1,400	1,322
Entities controlled by the parent company	-	32,905	-	32,905
	21,801	**56,420**	**1,400**	**34,227**

31.3 **Compensation of key management personnel**

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

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	₦'million	₦'million	₦'million	₦'million
Short-term benefits	1,409	1,491	1,391	1,478
	1,409	**1,491**	**1,391**	**1,478**

32. Supplemental cash flow disclosures

32.1 Cash and cash equivalents

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Cash and bank balances	251,887	115,871	184,889	48,492
Short term deposits	87,956	29,964	87,674	20,356
Cash and cash equivalents per statement of financial position	**339,843**	**145,835**	**272,563**	**68,848**
Bank overdrafts used for cash management purposes (Note 26)	(76,475)	(4,796)	(68,754)	-
Cash and cash equivalents per statement of cash flows	**263,368**	**141,039**	**203,809**	**68,848**

Cash and cash equivalents include restricted cash of ₦8.34 billion for Group and ₦4.17 billion for Company (2020: ₦3.83 billion for Group and ₦3.49 billion for Company) on unclaimed dividend held in a separate bank account, letters of credit for the acquisition of inventories, property, plant and equipment as well as debt service reserve account.

33. Lease liabilities

	Group		Company	
Maturity analysis	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Year 1	2,184	1,811	261	158
Year 2	1,561	2,592	-	92
Year 3	1,384	1,236	110	-
Year 4	1,147	1,160	-	38
Year 5	1,162	905	-	-
Later than 5 years	47,129	44,200	-	-
	54,567	51,904	371	288
Less unearned interest	(44,361)	(42,059)	-	-
	10,206	**9,845**	**371**	**288**
Analysed as				
Current	2,187	2,073	261	158
Non- Current	8,019	7,772	110	130
	10,206	**9,845**	371	**288**

33.1 Extension options

Some leases include extension options that are exercisable by the Group/Company up to one (1) year before the end of the non-cancellable contract period. The extension options held are not exercisable by the lessor but only by the Group/Company. The Group/Company assesses at the commencement date of lease whether or not it is reasonably certain to exercise these options. If there is a significant event or changes in circumstances within its control, the Group/Company reassesses whether it is reasonably certain to exercise the options.

34. Commitments for expenditure

	Group		Company	
	31/12/2021 ₦'million	31/12/2020 ₦'million	31/12/2021 ₦'million	31/12/2020 ₦'million
Commitments for the acquisition of property, plant and equipment	206,980	127,665	2,111	21,137

35 Contingent liabilities

The Group and Company are engaged in law suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and other claims amounted to ₦57.8 billion and ₦50.1 billion for the Group and Company respectively (2020: ₦117.5 billion and ₦93.2 billion for Group and Company respectively). The Group and Company have assessed these claims and believe that no material loss is expected to arise from them.

36 Subsequent Events

On 26 February 2022, a dividend of ₦20.00 (2020: ₦16.00) per share was proposed by the directors for approval at the Annual General Meeting (AGM). There were no events after the reporting date that could have had a material effect on the consolidated and separate financial statements that have not been provided for or disclosed in these financial statements.

In January 2022, the Company executed tranche II of its Share Buy-Back Programme, buying back 126,748,153 units of its shares representing 0.74% of the Company's issued and fully paid ordinary shares. This is a non-adjusting event occurring after the reporting period.

DANGOTE CEMENT PLC

FIVE -YEAR FINANCIAL SUMMARY
OTHER NATIONAL DISCLOSURE

GROUP	2021	2020	2019	2018	2017
	₦'million	₦'million	₦'million	₦'million	₦'million
BALANCE SHEET					
ASSETS/LIABILITIES					
Property, plant and equipment	1,472,859	1,390,687	1,206,749	1,171,864	1,192,140
Intangible assets	5,122	4,554	3,663	5,969	6,355
Right of use assets	18,566	12,594	11,956	-	-
Investments	6,528	5,711	4,961	4,312	3,749
Non current prepayments	4,759	37,213	51,233	36,383	16,101
Lease receivables	5,980	9,846	11,285	6,475	6,614
Net current liabilities	(203,441)	(279,679)	(224,058)	(66,668)	(110,177)
Deferred taxation liabilities	(129,840)	(111,272)	(49,073)	(42,728)	(86,273)
Long term debts	(176,562)	(158,908)	(107,279)	(125,725)	(242,894)
Employee benefits obligations	(3,219)	(3,581)	-	-	-
Other non-current liabilities	(17,083)	(16,195)	(11,500)	(3,269)	(4,255)
NET ASSETS	**983,669**	**890,970**	**897,937**	**986,613**	**781,360**
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
Treasury shares	(9,833)	(9,833)	-	-	-
Currency Translation Reserve	53,102	52,681	55,974	72,605	**75,441**
Revenue reserve	868,274	779,271	776,839	848,695	639,462
Non controlling interest	18,299	15,024	11,297	11,486	12,630
	983,669	**890,970**	**897,937**	**986,613**	**781,360**
Turnover, Profit or Loss account					
Turnover	1,383,637	1,034,196	891,671	901,213	805,582
Profit before taxation	538,366	373,310	250,479	300,806	289,590
Taxation	(173,927)	(97,242)	(49,958)	89,519	(85,342)
Profit after taxation	364,439	276,068	200,521	390,325	204,248
Per share data (Naira):					
Earnings - (Basic & diluted)	21.24	16.14	11.79	22.83	11.65
Net assets	57.86	52.29	52.69	57.90	45.85

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	2021 ₦'million	2020 ₦'million	2019 ₦'million	2018 ₦'million	2017 ₦'million
BALANCE SHEET					
ASSETS/(LIABILITIES)					
Property, plant and equipment	554,883	551,926	545,834	535,934	549,962
Intangible assets	147	180	69	48	37
Right of use	1,365	1,164	994	-	-
Investments	163,850	163,828	163,653	163,653	163,539
Receivables from subsidiaries	1,147,797	986,423	817,906	715,561	594,783
Prepayments for property, plant & equipment	211	19,605	5,690	-	1,600
Lease receivables	5,980	9,846	11,285	6,475	6,614
Net current asset/(liabilities)	(129,793)	(155,525)	(146,378)	983	(56,078)
Deferred taxation liabilities	(126,226)	(117,762)	(75,117)	(65,472)	(109,817)
Long term debts	(147,789)	(98,577)	(39,700)	(62,168)	(157,195)
Employee benefits obligations	(2,972)	(3,552)	-	-	-
Other non-current liabilities	(5,981)	(5,179)	(1,987)	(1,466)	(2,428)
NET ASSETS	**1,461,472**	**1,352,377**	**1,282,249**	**1,293,548**	**991,017**
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
Treasury shares	(9,833)	(9,833)	-	-	-
Revenue reserve	1,417,527	1,308,432	1,228,471	1,239,770	937,239
	1,461,472	**1,352,377**	**1,282,249**	**1,293,548**	**991,017**
Turnover, Profit or Loss account					
Turnover	993,399	719,945	610,247	618,301	552,364
Profit before taxation	534,425	430,747	315,420	392,223	342,153
Taxation	(153,325)	(78,138)	(54,071)	89,233	(87,523)
Profit after taxation	381,100	352,609	261,349	481,456	254,630
Per share data (Naira):					
Earnings - (Basic & diluted)	22.42	20.69	15.34	28.25	14.94
Net assets	85.97	79.36	75.25	75.91	58.16

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			
	2021 ₦'million	%	2020 ₦'million	%	2021 ₦'million	%	2020 ₦'million	%
Sales	1,383,637		1,034,196		993,399		719,945	
Finance Income	20,765		29,814		92,783		112,031	
Other income	6,221		4,754		1,975		1,922	
	1,410,623		1,068,764		1,088,157		833,898	
Bought-in-materials and services:								
- Imported	(223,744)		(124,511)		(121,006)		(74,340)	
- Local	(409,216)		(365,165)		(291,542)		(200,944)	
Value added	**777,663**	**100**	**579,088**	**100**	**675,609**	**100**	**558,614**	**100**
Applied as follows:								
To pay employees:								
Salaries, wages and other benefits	72,824	9	72,252	12	39,963	6	44,415	8
To pay Government:								
Current taxation	154,915	20	38,065	7	144,861	22	35,493	6
Deferred taxation	19,012	3	59,177	10	8,464	1	42,645	8
To pay providers of capital:								
Finance charges	65,707	8	43,988	8	42,501	6	28,881	5
To provide for maintenance of fixed assets:								
- Depreciation	100,488	13	89,225	15	58,656	9	54,540	10
- Amortization	278	-	313	-	64	-	31	-
Retained in the Group:								
- Non controlling interest	3,431	1	988	-	-	-	-	-
- Profit and loss account	361,008	46	275,080	48	381,100	56	352,609	63
	777,663	**100**	**579,088**	**100**	**675,609**	**100**	**558,614**	**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.