International Breweries Plc

Annual report and financial statements
for the year ended 31 December 2019

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Corporate information

Company registration number
RC 9632

Chairman

HRM Nnaemeka Alfred Achebe, CFR,MNI	Non-executive Director

Directors

Mr. Hugo, Dias Rocha	Brazilian	Executive Director	Appointed with effect from 1 January 2020
Mrs. Annabelle Degroot	British	Executive Director	Resigned with effect from 31 December 2019
Mr. Bruno Zambrano	Colombian	Executive Director	Appointed with effect from 1 January 2020
Mr. Sunday Omole	Nigerian	Non-executive Director	
Mr. Olugbenga Awomolo	Nigerian	Non-executive Director	
Mrs. Tolulope Adedeji	Nigerian	Executive Director	Appointed with effect from 18 September 2019
Mr. Zuber Momoniat	South African	Executive Director	Resigned with effect from 31 December 2019
Mr. Andrew Scott Murray	American	Executive Director	
HRM Peter Anugwu	Nigerian	Non-executive Director	
Mr. Michael Ajukwu	Nigerian	Non-executive Director	
Ms. Abiye Tobin-West	Nigerian	Non-executive Director	
Otunba Michael Daramola	Nigerian	Executive Director	
Mr. Richard Rivett-Carnac	British	Executive Director	
Ms. Olutoyin Odulate	Nigerian	Non-executive Director	Appointed with effect from 18 April 2019
Mr. Godwin Oche	Nigerian	Executive Director	Resigned with effect from 30 September 2019

Alternate directors:
Mr. Olugbenga Awomolo

PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Road
Victoria Island,
Lagos, Nigeria.

Corporate office
22/36 Glover road,
Ikoyi,
Lagos

Company secretary
Mr. Muyiwa Ayojimi
22/36 Glover road,
Ikoyi,
Lagos

Bankers
CitiBank Limited
United Bank of Africa Plc.
First Bank of Nigeria Limited
Guaranty Trust Bank Plc.
Zenith Bank Plc.
Stanbic IBTC Plc.
Standard Chartered Bank Limited
Rand Merchant Bank Limited

The directors submit their report together with the audited financial statements for the year ended 31 December 2019, to the members of International Breweries Plc ("the Company"). This report discloses the financial performance and state of affairs of the Company.

1 Incorporation and address

International Breweries Plc was incorporated as a private limited liability Company on 22 December, 1971 and became a public limited liability company on 26 April, 1994. The company is situated at 22/36 Glover road, Ikoyi, Lagos Nigeria.

2 Legal form

International Breweries Plc was incorporated as a private limited liability Company on 22 December, 1971 and became a public limited liability Company on 26 April, 1994. The Company is a part of the AB InBev Group (The largest Brewer in the World).

3 Principal activities

The principal activities of the Company are brewing, packaging and marketing of alcoholic and non-alcoholic beverages.

4 Operating summary

The Company's results for the year ended 31 December 2019 are set out on page 20. The loss for the year has been transferred to retained earnings. The summarised results are presented below:

	2019 N'000	N'000
Revenue	132,351,500	120,610,825
Loss before tax	(36,166,949)	(8,116,461)
Tax credit	8,376,284	4,183,014
	(27,790,665)	(3,933,447)
Total comprehensive loss for the year	(27,650,550)	(4,131,589)

5 Dividend declaration

The Board maintains a dividend policy which guides its decision on dividend declaration. The Directors therefore resolved not to recommend the payment of a dividend for the period ended 31 December, 2019. The board view this decision as appropriate in the short term and in the future interest of the Company owing to the current gearing ratio.

6 Directors

The names of the directors as at year end and date of this report are as set out in the corporate information page. The following directors served during the year under review but resigned before 31 December, 2019: Mr. Godwin Oche, Mrs. Annabelle Degroot, and Mr. Zuber Momoniat.

Ms. Olutoyin Odulate was appointed on 18 April 2019, Mrs. Tolulope Adedeji was appointed on 18 September 2019, to fill the casual vacancy created by the exit of Mr. Godwin Oche. Mr Hugo, Dias Rocha and Mr Bruno Zambrano were both appointed with effect from 1 January, 2020 to fill the casual vacancy exit of Mrs. Annabelle Degroot, and Mr. Zuber Momoniat created on the Board effective 31 December, 2019.

Details of the Directors' interest in the Company's shares during the year under review; as at the date of approval of this report and as recorded in the register of members and or notified by the Directors for the purpose of Section 275 of CAMA as well as the Listing Rules of the Nigerian Stock Exchange are set out below. Directors whose names did not appear here do not have any direct/indirect shareholding in the Company.

	December 2019	December 2018
	Number	Number
Direct holding		
HRM Igwe Nnaemeka Alfred Ugochukwu Achebe	40,732,127	40,732,127
Mr. Sunday Akintoye Omole	72,647	72,647
Michael Onochie Ajukwu	62,000,000	69,750,522
Indirect holding		
Mr. Sunday Akintoye Omole (Through Cardinal Investment Nigeria limited)	-	968,087
Mr.Olugbenga Awomolo (Through Newco Investment Company Limited)	106,904,126	106,904,126

7 Directors' interest in contracts

All directors with interest in contract have notified the company for the purpose of Section 277 of the Companies and Allied Matters Act, Cap.20 LFN 2004 of their direct or indirect interest in contracts or proposed contract during the year.

The directors do not have any interest required to be disclosed under Section 275 of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria 2004.

8 Property, plant and equipment

Information relating to change in property, plant and equipment is given in note 13 to these financial statements. A total of N56.8 billion was expended on property, plant and equipment during the year.

9 Corporate governance

This report describes the directors' approach to corporate governance and how the board applied the Codes on corporate governance and other applicable regulations.

The directors are committed to maintaining the best standard which they believe is pivotal to the discharge of their stewardship expectations. The Board is aware of the new National Code on Corporate Governance and has began the application of the 28 principles as enshrined in the Code. The company's conviction is that corporate governance practices should be accorded a more practical approach in enhancing company ideals and management performance. In fulfilment of the SEC Code and the National Code, the Company has appointed an Independent non-executive director.

(i) Leadership and effectiveness

Board of directors: composition, independence and renewal

The board was composed of as at the date of this report, the chairman, seven non-executive directors and six executive directors.

The board considers its directors as at year end and as at the time of this report as independent for the purpose of their contributions to the invaluable integrity, corporate wisdom and experience towards the board and committees' deliberations and decisions. The board is therefore satisfied with the performance and continued independence of judgment of each of the directors.

(ii) The Board's Operation

Board meetings and attendance

The Board of directors met during the year under review. Individual director's attendance at these meetings is as set out in the table below. In the few instances where a director was unable to attend a board or committee meeting, his or her alternate attended in his stead and any comments which they had on matters set out in the agenda for consideration at such meeting was given in advance to the chairman of the meeting.

Analysis of attendance of meetings of Board members

Names of Directors	Dates of meeting						
	29-1-2019	19-3-2019	18-4-2019	17-7-2019	18-9-2019	15-10-2019	No. of Meetings Attended
HRM Igwe Nnaemeka Alfred Achebe (Chairman)	Y	Y	Y	Y	Y	Y	6/6
Mr. Akintoye Omole	Y	Y	Y	Y	Y	Y	6/6
Mrs. Annabelle Degroot (RDY)	Y	Y	Y	Y	Y	Y	6/6
Igwe Peter Anugwu	Y	Y	Y	Y	Y	Y	6/6
Mr. Michael Ajukwu	Y	Y	Y	Y	N	Y	5/6
Mr. Zuber Momoniat (RDY)	Y	Y	Y	Y	N	Y	5/6
Mrs. Tolulope Adedeji	-	-	-	-	Y	Y	2/6
Ms. Olutoyin Odulate	-	-	-	Y	Y	Y	3/6
Mr Dias Rocha, Hugo							-
Ms. Abiye Tobin-West	Y	Y	Y	Y	Y	Y	6/6
Mr. Olugbenga Awomolo	Y‡	Y‡	Y‡	Y‡	Y‡	Y‡	6/6
Mr. Andrew Murray	Y	Y	Y	Y	Y	Y	6/6
Otunba Michael Daramola	Y	Y	Y	N	Y	Y	5/6
Mr. Godwin Oche	Y	Y	Y	Y	N	N	4/6
Mr. Richard Rivett-Carnac	Y	Y	Y	N	Y	Y	5/6

Y Present
N Absent

(ADY) - Appointed during the year
(RDY) – Resigned during the year

‡ Alternate Director
- Not a member of the Board as at that date

Operation of the board

The board sets the strategic objectives and delegates to management the detailed planning and implementation of those policies. The board thereafter monitors compliance of the actualization of the set policies and objectives through quarterly reports to the board and its committees, enabling directors to explore and interrogate specific issues for feedback in greater detail.

The board and its committee meetings are held in an atmosphere of robust, constructive and intellectual debate of issues with sincerity of purpose, integrity and mutual respect.

Matters of exclusive preserve

The board has a schedule of matters as contained in an approval grid which is dealt with exclusively by the board. This includes but not limited to the approval of financial statements; annual expenditure/budget plan; material investment or disposals and the Company's business strategy.

The board governs through its established committees with reporting systems. Each committee or standing committee has specific written terms of reference and committee charters. All committee chairmen or their representatives report to the board and their decision extracts are included in the board packs circularized to all the board members two weeks before their meetings.

Risk and the board of directors

The Company's Board of Directors is ultimately responsible for the Company's risk management system and for reviewing its effectiveness. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The risk management system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and there is an ongoing process in place for identifying, assessing, managing, monitoring and reporting on the significant risks faced by the Company.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Internal Audit function has been expanding in line with our global risk management structure. The activities and capabilities of the new initiative are far more improved than the traditional internal audit functions. The new structure will develop business insights, improve our operations and manage risks in a smart and proactive way using analytical technics supported by a strong team.

This process has been established for the period under review up to the approval of the Annual Report and Accounts. The principal risks and uncertainties facing the Company are set out in note 4

Conflict of interest

The directors are aware and advised to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict with the Company's interests and encouraged to make full disclosures. In accordance with the Companies and Allied Matters Act 2004 and the Company's articles of association, the board can authorize potential conflicts of interest that may arise and to impose such limit or conditions as it may deem fit. There were however, no actual or potential conflicts of interest which were required to be authorized by the board during the period ended 31 December 2019.

The roles of executive and non-executive directors

The executive directors are responsible for proposing strategy and for making and implementing operational decisions. Non-executive directors complement the skills and experience of the executive directors, bringing independent judgment and making inputs through their knowledge and experience of other businesses and sectors.

Information dissemination and training

The Company's Secretary is responsible for advising the board, through the chairman, on issues of corporate governance. The secretariat supplies the board and its committees with full and timely information through meeting packs and other enough resources to enable directors to prepare adequately for their meetings and take informed decisions.

The company is committed to the continuing development of directors in order that they can build on their expertise and develop an ever more detailed understanding of the business and the ever changing legal and regulatory environment.

Other appointments

Non-executive directors may serve on the boards of other companies in other to widen their experience and knowledge for the company's benefit. Directors ensure that their effectiveness on the board is not compromised by their external commitments. The board is pleased that the chairman and the non-executive directors commit enough time to their duties and the non-executive directors have confirmed that they have sufficient time to fulfil their respective obligations to the Company. The Firm of Ernst & Young performed a board evaluation of the Director's activities and performance for the year under review.

Board, committee and director performance evaluation

The Board subscribes to performance evaluation processes in line with best practice and as prescribed by the National Code on Corporate Governance. A formal evaluation of the board's performance was carried out for the year ended 31 December 2019.The board considers its performance in the year under review as satisfactory and largely in compliance with prescribed codes of corporate governance. The board would be due for an independent assessment by the next financial year. The Firm of Ernst & Young performed a board evaluation of the Director's activities and performance for the year under review.

The Company Secretary

The Company Secretary who acts as secretary to the board and its committees attended all the meetings during the year under review.

(ii) The Board Committees

The Audit Committee

The audit committee chaired by Mr.Oladepo Adesina met during the period under review. The members representing the shareholders are Mr. Moses Ijayekunle and Mr. Adetunji Ajani Babajide, Mr. Michael Ajukwu, Abiye Tobin-West and Mr. Olugbenga Awomolo are representives of the board.

The Global Risks Management Manager, Internal Control Manager and the Finance Director attended the committee meetings by invitation while The External Auditors just attended a meeting. The work of the committee during the period included Audit matters and internal audit reviews.

The audit committee reports all activities and makes recommendations to the board. During the year under review, the audit committee discharged its responsibilities as they are defined in the committee's terms of reference and has ensured that applicable standards of governance and compliance are adhered to.

The Internal Control/Global Risks functions have direct access to the committee, primarily through its chairman. The functions enjoy the benefit of adapting the workings and processes of approved International and best practice templates for improved efficiency.

Analysis of attendance of meetings of Audit Committee members for the period

Name of audit committee members						**Number of meetings attended**
	Date	8/3/2019	17-4-2019	16-7-2019	14-10-2019	**Total**
Mr.Oladepo Adesina	- *(Chairman/Shareholder)*	Y	Y	Y	Y	4/4
Mr. Moses Ijayekunle	- (*Member/Shareholder)*	Y	Y	Y	Y	4/4
Mr. Adetunji Ajani Babajide-	‘’	Y	Y	Y	Y	4/4
Mr. Michael Ajukwu-		Y	Y	Y	Y	4/4
Ms. Abiye Tobin-West -		Y	Y	Y	Y	4/4
Mr. Olugbenga Awomolo -	“	Y	Y	Y	Y	4/4

- Not a member of the Committee as at that date.
X- Absent

The Governance/Remuneration/Nomination Committee

The Committee is charged with the overall responsibility of ensuring that all governance reviews and strategic plans on remuneration and nomination were complied with.

The committee consist of Mr. Michael Ajukwu, Mr. Akintoye Omole, Abiye Tobin-West and Ms. Olutoyin Odulate.

Analysis of attendance of meetings of Governance Committee members for the period

Name of governance/ remuneration/ nomination committee member				Number of meetings attended
Date	17-4-2019	16-7-2019	14-10-2019	**Total**
Mr. Michael Ajukwu (Chairman)	Y	Y	Y	3
Mr. Akintoye Omole	Y	Y	Y	3
Abiye Tobin-West	Y	Y	Y	3
Ms. Olutoyin Odulate	-	-	Y	1

- Not a member of the Committee as at that date.

The Risk Management/Sustainability Committee

The Committee provides focus on Risks and Sustainability, at all times, taking into cognizance established best practices. The Committee in that wise assists the Board in its oversight of the risk profile, risk management framework, risk strategy and the Sustainability framework for the Company.

The Risks Management/Remuneration Committee is composed of six members: Mr. Olugbenga Awomolo, Mr. Akintoye Omole, Mr. Michael Ajukwu, Ms. Abiye Tobin-West, Ms. Olutoyin Odulate and Otunba Michael Daramola . The Committee held three meetings during the year.

Analysis of attendance of meetings of Risk Management/Remuneration Committee members

Name of governance/ remuneration/ nomination committee member				Number of meetings attended
Date	28-1-2019	16-7-2019	14-10-2019	**Total**
Mr. Olugbenga Awomolo - (Chairman)	Y	Y	Y	3/3
Mr. Akintoye Omole	Y	Y	Y	3/3
Mr. Michael Ajukwu	-	-	Y	1/3
Ms. Abiye Tobin-West	-	-	Y	1/3
Ms. Olutoyin Odulate	-	-	Y	1/3
Otunba Michael Daramola	Y	N	Y	2/3

- Not a member of the Committee as at that date.

10 Share capital

During the year, the number of the Company's issued ordinary share capital remained at 8,595,861,936 (2018: 8,595,861,936) ordinary shares.

Details of share capital are shown in the report.

Active shareholders range - summary position as at 31 December 2019

Range	No of shareholders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1 - 1000	18,477	45.76%	18,477	9,876,015	0.11%	9,876,015
1001 - 5000	14,545	36.02%	33,022	36,306,869	0.42%	46,182,884
5001 - 10000	4,596	11.38%	37,618	38,856,929	0.45%	85,039,813
10001 - 50000	2,214	5.48%	39,832	49,300,314	0.57%	134,340,127
50001 - 100000	266	0.66%	40,098	18,110,579	0.21%	152,450,706
100001 - 500000	182	0.45%	40,280	37,435,306	0.44%	189,886,012
500001 - 1000000	29	0.07%	40,309	23,434,415	0.27%	213,320,427
1000001 - 9999999999	72	0.18%	40,381	8,382,541,509	97.52%	8,595,861,936
Grand total	40,381	100%	290,017	8,595,861,936	100%	

Substantial Shareholding

The particulars of the shareholders that held more than 5% of the issued and fully-paid share capital of the Company as at 31 December, 2019 and at the date of this report are as follows:

Substantial shareholding details:

Name	Holding	%
AB Inbev Nigeria holdings BV (The "COMPANY)	4,072,100,915	47.37
Brauhaase International Management GMBH	2,377,579,013	27.66

Shareholding by category:

Category of shareholder	No. of shareholder	Number Of Shares Held	Percentage holding (%)
Individuals	39,778	644,403,790	7.50
Institutional Investors	16	125,700	0.00
Corporate	546	900,716,642	10.48
Institution			
Pensioner	2	313,500	0.00
Tax Free			
State & Local Govt	5	601,061,576	6.99
Foreign Shareholder	34	6,449,240,728	75.03
Portfolio Investor			0.00
Total	**40,381**	**8,595,861,936**	**100**

Purchase of own shares
The Company did not purchase any of its own shares during the period under review.

Share capital history

Date Issued	No. of Shares	Nominal Value (₦)	Issue Type	Remark
1971	9,000,000		Private Placement	Cash
1978	-	-		
1980	2,000,000	0.50	Private Placement	Cash
1981	2,600,000	0.50	Bonus	Reserves
1981	2,200,000	0.50	Private Placement	Cash
1982	200,000	0.50	Bonus	Reserves
1982	2,000,000	0.50	Bonus	Reserves
1983	2,000,000	0.50	Bonus	Reserves
1985	4,000,000	0.50	Bonus	Reserves
1986	6,000,000	0.50	Bonus	Reserves
1988	6,000,000	0.50	Bonus	Reserves
1989	4,000,000	0.50	Bonus	Reserves
1991	10,000,000	0.50	Bonus	Reserves
1992	31,683,540	0.50	Private Placement	Cash
1993	5,419,692	0.50	Private Placement	Cash
1995	4,992,000	0.50	Private Placement	Cash
1995	103,734,000	0.50	Public Offer	Cash
1996	408,000	0.50	Public Offer	Cash
1998	426,000	0.50	Public Offer	Cash
1999	103,216,000	0.50	Public Offer	Cash
2001	120,768	0.50	Rights Issue	Cash
2002	212,914,682	0.50	Rights Issue	Cash
2007		-		
2008	1,600,000,000	0.50	Public Offer	Cash
2009		-		
2012	1,149,611,748	0.50	Rights Issue	Cash
2014	31,722,850	0.50	Bonus	Reserves
2017	5,301,612,656	0.50	Merger	Consolidation
2018	8,595,861,936	0.50	Rights Issue	Cash

11 **Corporate social responsibility**

During the period under review, the Company's corporate social responsibility towards its immediate and surrounding communities, especially in respect of community development, health and education, the environment and other social welfare, was again demonstrated in the various projects executed during the year and other donations both in cash and in the Company's products to various institutions and community centres. In response to the rising unemployment population among the youths in Nigeria, one of the major projects carried out by the Company during the year is the continuation of the Youth Enterprise Development Initiative tagged "KICK START" initiated in 2016. The Kick Start program is aimed at creating a culture of entrepreneurship among young people by promoting business awareness and material support through the development of business skills by training; providing grants as start-up capital for new businesses or grants to support expansion of existing businesses; and providing post investment support through mentoring and coaching. The amount expended on the program as at 31 December, 2019 was N44.5 million (2018: N116.4 million). Other beneficiaries of the corporate social responsibility program of the Company are as listed below. This excludes gifts in Company products during the year.

Community projects and donations during the year included the following:

Description/projects	N'000
Community Health Center Project	30,149
KickStart Project (Youth Empowerment Program)	44,510
Donation for Community Festivals	1,500
School Renovation Project	9,000
Plastic Recycling Project in Collaboration of FBRA	7,000
	92,159

It remains the Company's policy not to make donations to political organisations in the country and in compliance with section 38(2) of the Companies and Allied Matters Act Cap C 20, Laws of the Federation of Nigeria 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year under review.

12 Ethical business conduct

The International Breweries Code of Business Conduct and Ethics as adopted from AB InBev, sets out high ethical standards with which all Company's employees are expected to comply, and forms part of the wider programme of policies and procedures throughout the Company. The Company personnel are committed to conducting business in a way that is fair, ethical and within the framework of applicable laws and regulations. During the course of the year, the Company's policies and procedures were reviewed in light of related 'adequate procedures' guidance, and developing corporate best practice, and made a number of enhancements, including the roll out of a new Company-wide anti-bribery policy. Key aspects covered by the programme include, amongst other matters, our anti-bribery policy, due diligence and other forms of compliances in relation to business partners, training of employees and monitoring and reporting mechanisms. Independent confidential whistle blower hotlines have been re-introduced into the Company's operations so that employees and third parties can report any breach. The Company maintain a whistle blowing Procedure to address issues that can negatively affect the Company's reputation before its stakeholders.

13 Employment, environmental and health safety policies

The Company sustained the most of its workforce post-merger and reinvigorated the work space with new employees. The people team designed and continually reviewed employment policies which attract, retain and motivate the highest quality of staff. Management is committed to an active equal opportunities policy, from recruitment and selection, through training and development, appraisal and promotion to retirement. It is the Company's policy to ensure that everyone is treated equally, regardless of gender, colour, nationality, ethnic origin, race, disability, marital status, religion or trade union affiliation. In the year under review.

The Company is committed to its new policy on diversity as it understands that the benefit of employing the right balance in people of different races, genders, creeds and backgrounds.

The Company is ever committed to sustaining its policies and programmes on occupational health and safety to ensure a safe working environment for all its employees, suppliers, consumers and visitors to our sites. We have revised our policies on health and safety to enshrine world class manufacturing practices.

14 Employment of disabled persons

The Company has no disabled persons in its employment. However, application by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with those of other employees.

15 Diversity and Inclusion

This top priority for the business was further strengthened in the year under review. Equity, fairness and transparency were some of the underlying principles of our ways of working.

The Company celebrated the International Women's Day as part of the Company's drive to increase female representation in the workplace. We celebrated on this day, our women who cut-across roles and functions as forklift drivers way up to Executive Management.

16 Research and development

To ensure improved overall operational effectiveness, considerable emphasis is placed on research and development in the Company's technical activities, through the AB InBev Group. This enables the Company to develop new products, packaging, processes and new manufacturing capabilities.

17 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the company will be in existence after 12 months. The directors do not intend to cease operations or stop any of the production lines.

The shareholders approved that a Rights Issue be conducted to deleverage the Company's balance sheet on 15 October, 2019 . The company is strategically positioned for success in the future. Although it recorded a loss in the year ended 31 December 2019, it continues to grow in quality and number.

18 Employee consultation and training

The Company places considerable value on the involvement of its employees in its affairs and has continued with its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employees are consulted regularly on a wide range of matters affecting their current and future interest. Employees receive both internal and external training as necessary.

19 Donations and gifts

In accordance with Section 38(2) of the Companies and Allied Matters Act, the Company did not make any donations or gifts to any charitable organisations, political associations or for any other purpose in the course of the year under review (2018: nil).

20 Financial risk

Information on the Company's financial risk management objectives and policies and details of its exposure to price risk, credit risk, liquidity risk and cash flow risk are contained in note 4 to the financial statements.

The directors are responsible for the management of the business of the Company and may exercise all the powers vested on them by the Company subject to the articles of association and relevant statutes

21 Events after the reporting period

On 15 October, 2019 shareholders approved that a Rights Issue be conducted to deleverage the Company's balance sheet. The company issued 18,266,206,614 Ordinary Shares of N0.50 each at N9.00 per share on the basis of 17 New Ordinary shares for every 8 Ordinary Shares held as at 6 November, 2019. At the conclusion of the offer, the Rights Issue was 100% subscribed (with proceed amount of N164,395,859,526 credited to the Company) and the Board of Directors on 31 December, 2019 passed a resolution to approve the basis of allotment.

Approval was yet to be obtained from the Securities and Exchange Commission "SEC" as at year end and hence, no deposit was recorded for the Rights Issue within the period under review. The SEC approved the allotment on 23 January, 2019 and the new shares has been successfully listed by the Nigerian Stock Exchange on 7th February 2020.

22 Stakeholder's Engagement

We are a Company of owners and the continuing need for engagement is key to our success. The Company knows its stakeholders and proactively engage with them in regular and constructive discuss thereby managing the change communications at required times to ensuring shared value for all.

The effective engagement of a broad spectrum of shareholders was reflective of the cooperation enjoyed on the timely and successful completion the capital raising for the Company which ended penultimate this report..

23 Complaints Management Policy

Complying with the rules of the Securities and Exchange Commission on framework for complaints management, the Company and its Registrars provide responses within its framework to shareholder issues and concerns.

This framework also provides the opportunity for shareholder feedbacks on matters that can affect its corporate existence.

24 Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20 LFN 2004, Messrs. PricewaterhouseCoopers "PwC" (Chartered Accountants) have indicated their willingness to continue as auditors to the Company. A resolution will be proposed at the Annual General Meeting to authorise the directors to fix their remuneration.

25 Dealing Policy

International Breweries Plc has a Securities Trading Policy "The Policy" which guides the Board and Employees when attempting effecting transactions in the Company's shares. The Policy provides for periods for Dealing in Shares and other Securities; established communication protocols on periods when transactions are not permitted to be effected on the Company's shares (Close Period) as well as disclosure requirements when effecting such transactions.

The Company complied with the Nigerian Stock Exchange Rules regarding this Policy in the year under review.

By order of the board:

Muyiwa Ayojimi
Company Secretary/General Counsel
Lagos-Nigeria.
FRC/2013/NBA/00000002667
26 March, 2020

Statement of directors' responsibilities

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

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

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

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

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

HRM Nnaemeka Alfred Achebe, CFR,MNI	Bruno Zambrano	Alexander Chukwuma Atuona
Chairman	Executive Director	Country Finance Manager
FRC/2013/NIM/00000001568	FRC/2020/003/00000020628	FRC/2019/ICAN/00000019271
26 March, 2020	**26 March, 2020**	**26 March, 2020**

To: The Members of International Breweries Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap. C20 LFN 2004, we the members of the Audit Committee of International Breweries Plc having carried out our statutory functions under the Act, hereby report as follows: -

(a) That the accounting and reporting policies of the Company are in accordance with legal requirements and acceptable ethical practices.

(b) That the scope and planning of both the external and internal audit for the period ended 31 December, 2019 are satisfactory and reinforce the company's internal control systems.

(c) That having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management responses thereon.

Finally, we acknowledge the co-operation of management and staff in the conduct of our duties.

Dated this 25 March, 2020

Mr. Oladepo Adesina
FRC/2013/NIM/00000003678

Members of the Audit Committee for the year under review were:

1. Mr. Oladepo Adesina (Shareholder's Representative) - Chairman
2. Mr. Moses Ijayekunle (Shareholder's Representative) - Member
3. Mr. Adetunji Ajani Babajide (Shareholder's Representative) - Member
4. Mr. Michael Ajukwu (Director's Representative) - Member
5. Abiye Tobin-West (Director's Representative) - Member
6. Mr. Olugbenga Awomolo (Director's Representative) - Member

Independent auditor's report

To the Members of International Breweries Plc

Report on the audit of the financial statements

Our opinion

In our opinion, International Breweries Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

International Breweries Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2019;
- the statement of financial position as at 31 December 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment on trade receivables – N3.5 billion (notes 2.11, 3a, 4.3a, 17.1) At 31 December 2019, the company's trade receivable balance is N26.6 billion. We focused on impairment on trade receivables because the directors made significant and subjective judgement in determining the amount of loss allowance. The directors have utilised the simplified approach in assessing the loss allowance for trade receivables. Significant judgement exercised by management include: • Methodology used to determine the loss rates and the benchmark default pattern applied for the calculation of the lifetime Expected Credit Loss (ECL); • Methodology used to access the impact of macroeconomic factors on the loss rates; and • Incorporation of forward-looking information such as inflation rate, unemployment rate and crude oil prices in determining the ECL.	We adopted a substantive approach to test the impairment on trade receivables Specifically, we: • evaluated the reasonableness of the methodology adopted for calculating ECL on trade receivables; • checked that benchmarked default patterns have been appropriately considered to determine the loss rates for lifetime ECL; • assessed the reasonableness and reliability of the source of the benchmarked patterns applied; • checked mathematical accuracy of formulae applied in the ECL calculation by recalculating the benchmark default pattern and the lifetime ECL; • checked management methodology for evaluating the impact of macroeconomic factors on the loss rates and performed regression analysis on the historically adopted loss rate and applicable historical macro-economic variables; • checked the forward-looking information used in the ECL model to externally available sources and assessed the reliability of those sources; • checked the sensitivity of the loss rates to forward-looking assumptions; and • checked the presentation and disclosure of trade receivables in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises Corporate Information, Report of the Directors, Report of the Audit Committee, Statement of Directors' Responsibilities, Statement of Value Added and Five-Year Financial Summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the International Plc 2019 Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

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

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

When we read the other sections of the International Breweries Plc 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

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

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

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

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

Udochi Muogilim

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0685017

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

27 March 2020

Engagement Partner: Udochi Muogilim
FRC/2013/ICAN/00000003209

Statement of profit or loss and other comprehensive income

	Note	31 December 2019 N'000	31 December 2018 restated N'000
Revenue	5	132,351,500	120,610,825
Cost of sales	6	(107,144,061)	(84,493,583)
Gross profit		25,207,439	36,117,242
Administrative expenses	7	(26,170,112)	(15,942,479)
Marketing and promotion expenses	8	(15,967,194)	(9,743,057)
Net impairment charge on financial assets	17.4	(1,666,862)	(236,392)
Other (expense)/income	9	(662,650)	807,494
Other (losses)	10	(1,725,613)	(3,166,112)
		(20,984,992)	7,836,696
Finance income	11	1,776	84,265
Finance cost	11	(15,183,733)	(16,037,422)
Finance costs - net		(15,181,957)	(15,953,157)
Loss before tax		**(36,166,949)**	**(8,116,461)**
Income tax credit	12	8,376,284	4,183,014
Loss for the year		**(27,790,665)**	**(3,933,447)**
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurements of post employment benefits obligations		140,115	(198,142)
Other comprehensive income/(loss) for the year		**140,115**	**(198,142)**
Total comprehensive loss for the year		**(27,650,550)**	**(4,131,589)**
Basic and diluted loss earnings per share (Naira)	26	(3.23)	(0.46)

The notes on pages 24 to 48 are an integral part of these financial statements.

Statement of financial position

	Note	31 December 2019 N'000	31 December 2018 Restated N'000	1 January 2018 Restated N'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	271,160,046	243,373,657	190,181,908
Right of use assets	14	2,328,201	384,776	181,932
Intangible assets	15	364,352	467,506	432,592
Other receivables	17	207,485	-	1,361,121
Derivative financial Instruments	18	263,491	656,500	-
Deferred tax assets	12	9,237,326	189,618	-
		283,560,901	245,072,057	192,157,553
Current assets				
Inventories	16	21,976,390	19,857,541	16,204,787
Trade and other receivables	17	27,803,033	28,021,046	15,750,189
Cash and cash equivalents	19	31,806,209	17,357,850	8,098,186
		81,585,632	65,236,437	40,053,184
Total assets		**365,146,533**	**310,308,494**	**232,210,737**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	12	-	-	4,155,359
Borrowings	22	149,753,338	153,738,160	18,170,989
Lease liabilities	23	1,193,325	76,246	20,159
Employee benefit obligations	21	2,630,107	2,500,402	2,571,384
		153,576,770	156,314,808	24,917,891
Current liabilities				
Trade and other payables	20	88,186,999	53,994,967	95,520,290
Borrowings	22	113,881,753	63,438,877	69,871,674
Lease liabilities	23	53,486	-	20,826
Current tax liabilities	12	1,983,825	1,445,591	2,634,192
		204,106,062	118,879,435	168,046,982
Total liabilities		**357,682,832**	**275,194,243**	**192,964,873**
EQUITY				
Share capital	24	4,297,931	4,297,931	4,297,931
Share premium	25	6,160,731	6,160,731	6,160,731
Other reserves		1,360,756	1,360,756	1,360,756
Employee benefit reserves		(1,415,242)	(1,555,357)	(1,357,215)
Retained earnings		(2,940,475)	24,850,190	28,783,637
Total equity		7,463,701	35,114,251	39,245,840
Total equity and liabilities		**365,146,533**	**310,308,494**	**232,210,715**

The notes on pages 24 to 48 are an integral part of these financial statements.

The financial statements on pages 19 to 50 were approved and authorised for issue by the board of Directors on_____ March 2020 and were signed on its behalf by:

HRM Nnaemeka Alfred Achebe, CFR,MNI (Chairman) FRC/2013/NIM/00000001568

Mr Bruno Zambrano (Director) FRC/2020/003/00000020628

Mr. Alexander Chukwuma Atuona (Country Finance Manager) FRC/2019/ICAN/00000019271

Statement of changes in equity

	Share capital N'000	Share Premium N'000	Other reserves* N'000	Employee benefit reserves N'000	Retained (losses)/ earnings N'000	Total equity N'000
Balance at 1 January 2018	4,297,931	6,160,731	1,360,756	(1,357,215)	28,763,160	39,225,363
At 1 January 2018	**4,297,931**	**6,160,731**	**1,360,756**	**(1,357,215)**	**28,763,160**	**39,225,363**
Impact of IFRS 16	-	-	-	-	20,477	20,477
At 1 January 2018 - Restated	-	-	-	-	28,783,637	39,245,840
Loss for the year	-	-	-	-	(3,933,447)	(3,933,447)
Other comprehensive loss	-	-	-	(198,142)	-	(198,142)
Total comprehensive loss for the year	-	-	-	(198,142)	(3,933,447)	(4,131,589)
Balance at 31 December 2018	**4,297,931**	**6,160,731**	**1,360,756**	**(1,555,357)**	**24,850,190**	**35,114,273**
Balance at 1 January 2019	4,297,931	6,160,731	1,360,756	(1,555,357)	24,850,190	35,114,273
At 1 January 2019 - Restated	**4,297,931**	**6,160,731**	**1,360,756**	**(1,555,357)**	**24,850,190**	**35,114,273**
Loss for the year	-	-	-	-	(27,790,665)	(27,790,665)
Other comprehensive income	-	-	-	140,115	-	140,115
Total comprehensive loss for the year	-	-	-	140,115	(27,790,665)	(27,650,550)
Balance at 31 December 2019	**4,297,931**	**6,160,731**	**1,360,756**	**(1,415,242)**	**(2,940,475)**	**7,463,723**

* On the adoption of IFRS, the revalued amount of land and building was recognised as deemed cost. The accretion on revaluation of land and building is recognised within other reserves.

The notes on pages 24 to 48 are an integral part of these financial statements.

	Note	31 December 2019 N'000	31 December 2018 Restated N'000
Cash flows from operating activities			
Cash generated from/(used in) from operations	27	42,058,811	(28,441,697)
Income tax paid	12	(133,191)	(1,350,564)
Employee benefits paid	21	(239,500)	(1,143,895)
Net cash (outflow)/inflow from operating activities		41,686,120	(30,936,156)
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(56,845,367)	(69,772,968)
Acquisition of intangible assets	15	(74)	(102,326)
Acquisition of Right of use assets	14	(1,803,817)	(411,147)
Proceeds from disposal of property, plant and equipment	27.2	229	-
Interest received	11	1,776	84,265
Net cash outflow from investing activities		(58,647,254)	(70,202,176)
Cash flows from financing activities			
Proceed from borrowings	22(c)	307,264,000	254,798,160
Repayment of borrowings		(232,870,442)	(150,313,251)
Lease payment	23	-	(21,962)
Interest paid		(14,597,630)	(2,684,784)
Net cash inflow from financing activities		59,795,928	101,778,163
Net increase/(decrease) in cash and cash equivalents		42,834,794	639,831
Cash and cash equivalents at the beginning of the year		(11,028,585)	(11,668,416)
Cash and cash equivalents at the end of the year	19.1	31,806,209	(11,028,585)

The notes on pages 24 to 48 are an integral part of these financial statements.

1 General information

These financial statements are the financial statements of International Breweries Plc ("the Company"). The Company was incorporated in Nigeria as a private limited liability company on 22 December 1971 under the Companies and Allied Matters Act, and is domiciled in Nigeria. The Company became a public limited liability company on 26 April, 1994.

The address of its registered office is:
22/36 Glover road,
Ikoyi,
Lagos, Nigeria

The principal activities of the Company are brewing, packaging and marketing of beer, alcoholic flavoured/ non-alcoholic beverages and soft drinks.
The ultimate parent company is ABInBev Nigeria Holdings BV.

2 Summary of accounting policies

2.1 Introduction to summary of 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.

2.2 Basis of preparation

The financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for the following:

- Certain financial assets and liabilities – measured at amortised cost
- Derivative instruments – measured at fair value
- Employee benefit liability - measured at present value

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the company will be in existence after 12 months. The directors do not intend to cease operations or stop any of the production lines.

The shareholders approved that a Rights Issue be conducted to deleverage the Company's balance sheet on 15 October, 2019 . The company is strategically positioned for success in the future. Although it recorded a loss in the year ended 31 December 2019, it continues to grow in quality and number.

2.4 Changes in accounting policy and disclosures

The Company has applied the below standard and amendments for the first time for their annual reporting period commencing 1 January 2018:

IFRS 16 Leases
IFRS 16 Leases became effective on 1 January 2019 and was applied by the company for the first time as of that date, under the full retrospective application, with an initial application date as of 1 January 2018.

IFRS 16 replaces the current lease accounting requirements and introduces significant changes to lessee accounting, removing the distinction between operating and finance leases under IAS 17 Leases and related interpretations and requiring a lessee to recognize a right-of-use asset and a lease liability at lease commencement date. IFRS 16 also requires the recognition of depreciation charges relating to right-of-use assets and interest expenses on lease liabilities, as compared to the recognition of operating lease expenses or rental costs on a straight-line basis over the lease term, as was the case under prior requirements. In addition, the company has amended the cash flow statement presentation in order to segregate the payment of leases into a principal portion presented within financing activities and an interest component presented within operating activities.

The company has chosen the full retrospective application of IFRS 16 and, consequently, has restated the comparative information in these financial statements. In addition, the company has applied the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease under IAS 17 and its related interpretations will continue to apply to the leases entered or modified before 1 January 2019.

Impact on the financial statements
The following table summarises the impact of the transition to IFRS 16 on the statement of financial position and Statement of profit or loss and other comprehensive income per periods for each affected individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Balance sheet	As at 1 Jan 2018 (As previously reported) N'000	IFRS 16 N'000	As at 1 Jan 2018 Restated N'000
Assets			
Right-of-use assets	-	181,932	181,932
Prepayment	3,170,585	(120,469)	3,050,116
Total assets	**232,149,251**	**61,463**	**232,210,714**
Liabilities			
Non-current			
Lease liabilities	-	20,159	20,159
Current			
Lease liabilities	-	20,826	20,826
Total Liabilities	**192,923,888**	**40,985**	**192,964,873**
Equity			
Retained earnings	28,763,160	20,477	28,783,638
Total Equity	**39,225,363**	**20,477**	**39,245,841**

	As at 31 Dec 2018 (As previously reported) N'000	IFRS 16 N'000	As at 31 Dec 2018 Restated N'000	As at 31 Dec 2019 (IAS 17) N'000	IFRS 16 N'000	As at 31 Dec 2019 N'000
Statement of financial position						
Assets						
Right-of-use assets	-	384,776	384,776	-	2,328,201	2,328,201
Prepayment	966,518	(355,202)	611,316	2,425,854	(1,434,484)	991,370
Total assets	**310,278,920**	**29,574**	**310,308,494**	**364,252,815**	**893,718**	**365,146,533**
Liabilities						
Non-current						
Lease liabilities	-	76,246	76,246	-	1,193,326	1,193,326
Current						
Lease liabilities	-	-	-	-	53,486	53,486
Total Liabilities	**275,117,997**	**76,246**	**275,194,243**	**357,682,832**	**1,246,811**	**358,929,643**
Equity						
Retained earnings	24,896,862	(46,672)	24,850,190	(2,893,803)	(46,672)	(2,940,475)
Total Equity	**35,160,923**	**(46,672)**	**35,207,595**	**7,510,373**	**(46,672)**	**7,463,701**
Statement of profit and loss and other comprehensive income						
Administrative expenses (Note 7):						
Depreciation - ROU	-	(257,736)	(257,736)	-	(895,785)	(895,785)
Business running costs*	(4,391,995)	210,510	(4,181,485)	(7,072,632)	753,900	(6,318,732)
Short term lease expense	-	(12,133)	(12,133)	-	(29,365)	(29,365)
	7,883,922	**(47,226)**	**7,836,696**	**(20,813,742)**	**(171,250)**	**(20,984,992)**
Finance costs	(16,029,632)	(7,790)	(16,037,422)	(15,048,561)	(135,172)	(15,183,733)
Loss before tax	**(8,049,312)**	**(67,149)**	**(8,116,461)**	**(35,860,527)**	**(306,422)**	**(36,166,949)**

* Amortisation of prepaid expenses were recognised in Business running costs

Extension options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable only by the Company.

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. . Lease payments on short-term leases would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

IFRIC 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes* . It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly with regards to Right of use and the tax treatment of returnable containers.

The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

New Standards, amendments, interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

a ***Amendments to IAS 1 and IAS 8: Definition of Material***

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments to the definition of material is not expected to have a significant impact on the company's financial statements.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

2.5 Revenue recognition

Sale of goods

Revenue from the sale of the Company's products is recognised when control of the products is transferred, being at a point in time when the products leave the warehouse. Payment of the

Revenue is measured at the fair value of the consideration received or receivable, net of Value Added Tax, excise duties, returns, customer discounts and other sales-related discounts. Revenue from the sale of products is recognised in profit or loss when the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analysis, market research data and internally generated information. Revenue also includes co-packaging income derived from the use of the company's facilities for the production of products of other companies under a co-packaging arrangement.

It is the Company's policy to sell its products to the customer with a right of return within 14 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). The number of products returned has been steady for years, therefore, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

2.6 Other income

Other income constitutes gains from the sale of assets, net of taxes; proceeds from the sale of by-products; interest on deposits and others. These various sources of income are recognised in profit or loss when ownership has been transferred to the buyer.

2.7 Segment reporting

Performance of operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has appointed a strategic steering committee which assesses the financial performance and position of the Company, and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

No business or geographical segment information is reported as the Company's primary geographical segment is Nigeria. Presently, 100 percent of the Company's sales are made in Nigeria. Also, identical risks and returns apply to all Company products.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of the Company is the Nigerian Naira (N).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the company's functional currency are recognized in profit or loss within other gains/(losses) - net.

2.9 Income and deferred tax

The tax for the period comprises income, education and deferred taxes. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Education tax is computed at 2% of the assessable profits. The Company's liability for income and education taxes are calculated using tax rates that have been enacted or substantively enacted under the Companies Income Tax Act and the Education tax Act at the statement of financial position date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Leases

Policy before 1 January 2019

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease and performs an assessment of whether:

(a) fulfilment of the arrangement is dependent on the use of a specific asset or assets; and

(b) the arrangement conveys a right to use the asset.

At inception, or on reassessment of an arrangement that contains lease, the Company separates payment and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

Leased assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company's statement of financial position.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Policy from 1 January 2019

As per IFRS 16 "Leases", the standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Contracts may contain both lease and non-lease components. The company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The company as lessee

The company assesses whether a contract is or contains a lease at inception of a contract. The company recognizes a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the company with respect to all lease agreements 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. For these leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities.

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 company uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the company considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, payments of penalties for terminating a lease, if the lease term reflects the company exercising that option and purchase options or extension option payments if the company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the income statement in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, restoration cost and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term. The right-of-use assets are depreciated using a straight line method.

The company as lessor

Leases where the company transfers substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases of assets under which all the risks and rewards of ownership are substantially retained by the company are classified as operating leases. Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

2.11 Financial instruments

(a) *Financial assets*

Financial assets and financial liabilities - Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

Financial assets - Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

Financial assets - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual Terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or atFVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Classification	Measurement	
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.	Trade and other receivable, Derivative asset
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign	

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

iv) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach to determine impairment of its trade receivables. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the trade receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the trade receivables to arrive at the loss allowance for the period. See note 4.3a for further details.

(b) Financial liabilities

The Company's policy on financial liabilities have been consistently applied to the each period.

i) Recognition and derecognition

The Company recognises a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

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

ii) Classification

Financial liabilities are classified as either financial liabilities at amortised cost of financial liabilities at fair value through profit or loss. The Company's financial liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

The Company's financial liabilities include trade payables, amount due to related parties and accrued expenses. They are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

iii) Measurement

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

Classification	Measurement	
Financial assets at amortized cost	These liabilities are subsequently measured at amortized cost using the effective interest method. Any interest is recogniesed in the profit or loss.	Borrowings, trade payable and accrued expenses.

2.12 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument recognised immediately in profit or loss and are included in other gains/(losses) - net.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method less provision for impairment.

2.15 Cash and cash equivalents

In the statement of cash flow, cash and cash equivalents includes cash in hand, bank deposits repayable on demand, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.16 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
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.
Other borrowing costs are expensed in the period in which they are incurred.

2.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.20 Property, plant and equipment

All categories of property, plant and equipment are stated initially at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are

Depreciation of assets commences when assets are available for use. Depreciation is charged on a straight line basis at annual rates which are expected to write off the cost of the assets over their anticipated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates used which are consistent with those of the previous

Asset category	**Useful life**
Building	22 - 55 years
Plant and machinery	5 - 50 years
Computer equipment	5 - 10 years
Vehicles, furniture & equipment	
-Marketing vehicles	4 - 8 years
-Vehicles	8 - 10 years
-Furniture and equipment	5 - 30 years
Land	Not depreciated

Gains and losses on disposal of property, plant and equipment are determined by comparing sales proceeds with the carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "other losses - net" in the profit or loss.

Land is not depreciated as it is deemed to have an indefinite life.

Returnable containers

Returnable containers are reflected at cost. Provisions are made for breakages and losses in trade to write off the cost over the expected useful life of the container. This period is shortened where appropriate by reference to market dynamics.

The total landed cost of new bottles and crates are also recognised in returnable containers. Amortisation of containers is calculated on a straight line basis over the expected useful lives from the date that available for use. It is calculated to reflect the estimated pattern of consumption of the future economic benefits embodied in the asset and recognised in the profit or loss at the following rates:

Bottles	5 years
Crates	7 years
Pallet	3 years

2.21 Deposits by customers

Returnable containers in circulation are recognised within property, plant and equipment. A corresponding liability is recognised in respect of the obligation to repay the customers deposits. Deposits paid by customers for branded returnable containers are reflected in the statement of financial position within current liabilities.

2.22 Intangible assets

Computer software

Acquired computer software licenses are stated at cost less amortisation and any impairment losses. Costs includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Amortisation is calculated on the straight-line method to allocate the cost of the intangible assets over their estimated useful lives. The computer software has an estimated useful life of 5 years.

2.23 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The reversal is recognised in the profit or loss in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset should not exceed the amount it would have been had the original impairment not occurred.

2.24 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs of disposal. The cost of inventories consist of purchase costs, conversion costs and all other costs incurred in bringing them to their present location and condition.

i) Raw materials

Raw materials and other bought-in components are measured using the purchase price, import duties, transport, dock charges and other costs directly attributable to its acquisition less trade discounts, rebates and other similar items.

ii) Work in progress and finished goods

Finished goods and work in progress are measured using standard costs based on weighted average and include cost of raw materials, direct costs and an appropriate portion of production overheads based on normal operating capacity.

iii) Goods in transit

Goods ordered, shipped and awaiting delivery are recognised as goods in transit and are stated at the purchase price plus other incidental costs incurred to date.

iv) Spares, fuel and lubricants

Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them during more than one period but only at the point of issue. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.25 Employee benefits

i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The Company recognises wages, salaries, social security contributions, bonuses and other allowances for current employees in the profit or loss as the employees render such services.

A liability is recognised for the amount expected to be paid under short-term benefits if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Other long-term employee benefit obligations

The Company's obligation in respect of long term employee benefits, other than pension plans, is the amount of future benefit the employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The discount rate is the yield at the statement of financial position date on high quality rated corporate bonds that have maturity dates approximating the terms of the Company's obligations. The obligation is calculated using the projected credit unit method. Any actuarial gains and losses are recognised in the profit or loss in the period in which they arise.

The Company recognises a liability and an expense for long term service awards where cash is paid to the employee at certain milestone dates in the employee's career with the Company.

The Company also provides 1% of employees gross salary as disability/death in service insurance benefits under the Employee Compensation Act 2010. The charge represents the Company's obligations under the scheme. The charge is recognised in the profit or loss of the year of incidence.

iii) Post employment obligations

- Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. In line with the provisions of the Nigerian Pension Reform act 2004, the Company instituted a defined contribution scheme for its employees. The scheme is funded by fixed contributions from the employees and the Company at the rate of 8% and 10% of remunerations respectively. The funds are invested outside the Company through Pension Fund Administrators (PFAs) preferred by the employees. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The matching contributions made by the Company to the relevant PFAs are recognised as employee benefit expenses in the profit or loss when the costs become payable in the reporting periods during which the employees have rendered services in exchange for those contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. The Company makes an unfunded provision for retirement benefit entitlements due to staff upon disengagement based on their years of service and current emoluments as contained in the staff conditions of service. No other post employment benefit arrangement exists between the Company and the current or past employees.

The liability or asset recognised 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. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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 net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other reserves in the statement of changes in equity and in the statement of financial position. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

2.26 Fair value measurement

The Company measures financial assets and liabilities (including loans and borrowing, trade and other payables and trade and other receivables) at fair value on initial recognition. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

the principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset (e.g. as part of an asset's impairment review when required) takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.27 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined using the indirect method. Profit before tax is therefore adjusted by non-cash items, such as depreciation of property, plant and equipment and amortisation of intangible assets. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

2.28 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. Any amounts in excess of the par value is recognised in share premium within equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.29 Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory) , are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements.

The book values of the acquired entity are the consolidated book values as reflected in the group annual financial statements of the selling entity The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to retained earnings in equity. Where comparative periods are presented, the financial statements and financial information are not restated.

2.30 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3 Critical accounting estimates, judgements and errors

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs are disclosed in note 4.3 (a) on impairment losses.

b) Defined benefit obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of Federal Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 21.

c) Deferred taxation

The Company is subject to income taxes within Nigeria, which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilize the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income is based on forecast cash flows from operations.

d) Determining the lease terms

As at 31 December 2019, the potential future cashflows that was not included in the lease liability because it is not reasonably certain that the leases will be extended amounted to N596.92m.

Extension options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable only by the Company.

4 Financial risk management

4.1 Financial risk factors

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

The Company's activities expose it to a variety of financial risks; market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company analyses each of these risks individually as well as on an interconnected basis and defines strategies to manage the economic impact on the Company's performance in line with its financial risk management policy. Management meets on a frequent basis and is responsible for reviewing the results of the risk assessment, approving recommended risk management strategies, monitoring compliance with the financial risk management policy and reporting to the board of directors.

4.2 Derivatives

Derivatives are only used for economic hedging purposes. They are classified and measured at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period and if otherwise they are classified as non-current.

The Company has the following derivative instruments:

Non-current asset	**31 December 2019 N'000**	**31 December 2018 N'000**
Over the counter (OTC) forward contracts	263,491	656,500

4.3 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Company. The Company's credit risk arises from cash and cash equivalents, trade and other receivables, and favourable derivative financial instruments.

The management of the Company has credit policies in place to monitor the exposure to credit risk on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and prospective credit customers analysed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. Credit limits are established for qualifying customers and these limits are regularly reviewed. Customers that fail to meet the Company's creditworthiness standards are allowed to transact business with the Company only on a cash basis.

The estimates of deductible allowances for incurred losses on impairment in respect of trade and other receivables are established by the Company. The main components of this allowance are a specific loss component that relates to individually significant exposures and customers with outstanding amounts but who have not placed orders for a period of one year or more. The collective loss allowance is determined based on historical data of payment statistics.

In monitoring customer credit risk, customers are grouped according to their credit mappings, including whether they are individual or corporate entities, whether they are key distributors or retail distributors and the verification of the existence of previous financial difficulties.

Below is a breakdown of the Company's financial assets that are exposed to credit risk and the maximum credit risk exposure.

	Maximum Exposure	
	31 December 2019 N'000	**31 December 2018 N'000**
Cash and cash equivalents (note 19)	31,806,209	17,357,850
Trade receivables - Gross (note 16.1)	26,639,550	27,420,322
Other financial assets and staff receivables at amortised cost (note 17.2)	3,911,485	1,871,168
Total assets bearing credit risk	62,357,243	46,649,340

(a) Impairment losses

(i) Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP growth rate, monetary policy rate and inflation rate in Nigeria to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors using statistical regression analysis. This statistical approach establishes a relationship between historical loss rates and the identified macro-economic variables and further used to predict future loss rates.

The loss allowances of financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the input to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Set out below is the information about the credit risk exposure on the Company's trade receivables and amount due to related partiesas at 31 December 2019 using a provision matrix:

31 December 2019

	Receivables Segmentation					
	Trade receivables			**Amount due to related parties**		
	Actual Gross AR balance	**Adjusted Loss rate**	**ECL**		**Adjusted Loss rate**	**ECL**
	N'000		**N'000**	**N'000**		**N'000**
Current	16,254,939	1.4%	220,818	805,281	1.4%	10,939
0-30 days	4,837,583	2.4%	113,853	246,268	2.4%	5,796
31-60 days	1,619,146	7.0%	112,744	-	7.0%	-
61-90 days	304,634	20.5%	62,354	-	20.5%	-
91-120 days	255,099	39.8%	101,547	-	39.8%	-
121-150 days	262,478	53.2%	139,649	-	53.2%	-
151-180 days	229,337	59.9%	137,459	-	59.9%	-
181-210 days	290,930	69.4%	201,810	-	69.4%	-
211-240 days	301,062	75.4%	227,093	-	75.4%	-
241-270 days	222,293	83.0%	184,501	-	83.0%	-
271-300 days	417,369	92.3%	385,378	-	92.3%	-
301-330 days	402,044	100.0%	402,044	-	100.0%	-
331+ days	1,242,636	100.0%	1,242,636	-	100.0%	-
Total	**26,639,550**		**3,531,887**	**1,051,549**		**16,735**

(ii) Other financial assets at amortised cost

As at 31 December 2019, other financial assets at amortised cost include cash and cash equivalents and other receivables. The Company expects the total amount to be recovered. The identified impairment loss on cash and cash equivalents and other receivables are not material.

31 December 2018

	Receivables Segmentation					
	Trade receivables			**Amount due to related parties**		
	Actual Gross AR balance	**Adjusted Loss rate**	**ECL**		**Adjusted Loss rate**	**ECL**
	N'000		**N'000**	**N'000**		**N'000**
Current		0.0%	-	-	0.0%	-
0-30 days	11,166,537	0.5%	55,833	-	0.5%	-
31-60 days	7,725,393	1.5%	115,881	-	1.5%	-
61-90 days	4,216,271	3.0%	126,488	-	3.0%	-
91-120 days	4,312,121	36.7%	1,583,558	-	36.7%	-
121-150 days	-	53.2%	-	-	53.2%	-
151-180 days	-	59.9%	-	-	59.9%	-
181-210 days	-	69.4%	-	-	69.4%	-
211-240 days	-	75.4%	-	-	75.4%	-
241-270 days	-	83.0%	-	-	83.0%	-
271-300 days	-	92.3%	-	-	92.3%	-
301-330 days	-	100.0%	-	-	100.0%	-
331+ days	-	100.0%	-	-	100.0%	-
Total	**27,420,322**		**1,881,760**	**-**		

The Company considers a financial asset in default when contractual payments are 90 days past due. However,in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full beforetaking into account any credit enhancements held by the Company. A financial asset is written off when there isno reasonable expectation of recovering the contractual cash flows.

The services of debt recovery agents has been employed to assist with the receivable deemed past due by the Company.

	Lifetime ECL N'000
Loss allowance as at 1 January 2019	1,881,760
New financial assets originated or purchased	1,650,127
Derecognised financial assets	-
Loss allowance as at 31 December 2019	3,531,887

The changes in expected credit loss can be attributed to an increase in the trade receivables in the period and higher loss rates in first five matrix band.

(b) Credit quality of financial assets

An analysis of the credit quality of cash and cash equivalents that are neither past due nor impaired is presented as follows:

Credit quality of cash and cash equivalents **Credit Ratings**	**31 December 2019 N'000**	**31 December 2018 N'000**
AAA	6,463,677	12,165,039
AA	5,171,693	1,926,764
A	163,865	191,649
BBB	1,963,082	2,500,045
BB	15,951,055	11,748
B	1,755,389	154,855
Other	-	407,750
	31,468,760	17,357,850

Definitions of ratings

AAA	'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	A financial institution of good condition and strong capacity to meet its obligations with expectations of very low default risk. It indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	A financial institution of good condition and strong capacity to meet its obligations. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as and when due should remain largely unchanged.
BBB	'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
BB	'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.
B	'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial condition is weak but obligations are still met as and when due. Has more than one major weakness and may require external support which may not be assured. Adverse changes in the environment (macro-economic, political and regulatory) will increase risk significantly.
Others	This indicates financial institutions or other counterparties with no available ratings and cash in hand.

(c) Credit concentration

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

4.4 *Liquidity risk*

(a) Management of liquidity risk

Cash flow forecasting is performed by the Finance Manager to monitor the Company's liquidity requirements and to ensure it has sufficient cash to meet operational needs. Such forecasts take into consideration the Company's committed plans and internal and administrative cash flow requirements.

The Company has incurred indebtedness in the form of trade payables. The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. Surplus cash held by the Company over and above the balance required for working capital management are transferred to the treasury unit and invested in short term fixed deposit accounts.

(b) Maturities of financial liabilities

Below is the analysis of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2019	Less than 3 months N'000	3 months - 1 year N'000	Above 1 year N'000	Total N'000
Trade payables (note 20)	-	31,484,836	-	31,484,836
Borrowings (note 22)	-	113,881,753	149,753,338	263,635,091
Lease liabilty (note23)	-	53,486	1,193,325	1,246,811
Accrued expenses (note 20)	-	14,878,708	-	14,878,708
Amount due to related parties (note 28)	-	37,154,853	-	37,154,853
Unclaimed dividends (note 20)	175,963	-	-	175,963
	175,963	197,453,635	150,946,663	348,576,262

31 December 2018	Less than 3 months N'000	3 months - 1 year N'000	Above 1 year N'000	Total N'000
Trade payables (note 20)	-	11,925,626	-	11,925,626
Borrowings (note 22)	28,386,435	35,052,442	153,738,160	217,177,037
Lease liabilty (note23)	-	-	76,246	76,246
Accrued expenses (note 20)	-	16,780,264	-	16,780,264
Amount due to related parties (note 28)	-	20,714,990	-	20,714,990
Unclaimed dividends	175,963	-	-	175,963
	28,562,398	84,473,322	153,814,406	266,850,126

4.5 Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the financial results of the Company will be adversely impacted by unfavourable changes in exchange rates to which the Company is exposed. The Company is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Company's cash flow and future profits. The Company is exposed to exchange rate risk to the extent of balances and transactions denominated in foreign currency.

The Company has entered into non deliverable forward contracts to mitigate the forex risk on the contractual interest and principal repayments of the foreign currency loan.

Foreign currency denominated balances	**31 December 2019 N'000**	**31 December 2018 N'000**
Cash and cash equivalents	707,240	1,468,329
Trade and other payables	(36,289,435)	(32,054,668)
Borrowings	(263,635,091)	(424,000)
	(299,217,286)	(31,010,339)

Sensitivity analysis for foreign exchange risk

Foreign exchange risks arise from future commercial transactions and recognised assets. The Company makes payments and receipts primarily in Nigerian Naira. The Company is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Naira. The Company's significant balances are denominated in US Dollars, however, the company has balances in South African Rand, Euro and Pounds.

Financial instrument	**Currency**	Impact on profit or loss	**31 December 2019 N'000**	**31 December 2018 N'000**
Intercompany payables	USD	5% increase in exchange rates	(1,686,352)	(1,275,824)
	ZAR	5% increase in exchange rates	(100,236)	(230,757)
	EUR	5% increase in exchange rates	(50,957)	(37,913)
	GBP	5% increase in exchange rates	-	-
Trade payable	USD	5% increase in exchange rates	(41,696)	(18,688)
	ZAR	5% increase in exchange rates	(6,856)	(4,958)
	EUR	5% increase in exchange rates	(6,139)	(34,590)
	GBP	5% increase in exchange rates	-	(3)
Foreign currency borrowing	USD	5% increase in exchange rates	(7,487,667)	(7,686,908)
Foreign currency cash and cash equivalent	USD	5% increase in exchange rates	1,590,310	867,893
			(7,789,593)	**(8,421,749)**

A five percent decrease in exchange rate would have had an equal but opposite effect on the basis that all other variables remain constant.

(ii) Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company is exposed to interest rate risk to the extent of balances and transactions.

Sensitivity analysis for interest rate risk
Below is the likely impact of changes in the interest rates:

Impact on profit or loss	**31 December 2019 N'000**	**31 December 2018 N'000**
5% increase in interest rates	752,428	801,482
5% decrease in interest rates	(752,428)	(801,482)

(iii) Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to price risk.

4.6 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios were as follows:

	31 December 2019 N'000	31 December 2018 N'000
Borrowings (note 22)	263,635,091	217,177,037
Cash and cash equivalents (note 19)	(31,806,209)	(17,357,850)
Net debt	231,828,882	199,819,187
Total equity	7,463,701	35,114,251
Total capital	239,292,583	234,933,438
Gearing ratio	97%	85%

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2019.

4.7 Fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

At the reporting date, the Company valued its derivatives as measured at fair value in the level 2 fair value hierarchy. The carrying amounts of all other financial assets and liabilities at the reporting date approximate their fair values.

4.8 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

5 Revenue

	31 December 2019 N'000	31 December 2018 N'000
Net revenue from contracts with customers	132,351,500	120,610,825

The group derives revenue from the transfer of goods and services at a point in time.

Disaggregation of revenue from contracts with customers	31 December 2019 N'000	31 December 2018 N'000
Key accounts	10,157,579	7,433,934
Distributors	122,193,921	113,176,891
	132,351,500	120,610,825

6 Cost of sales

	31 December 2019 N'000	31 December 2018 N'000
Materials consumed and allocated overheads	84,157,999	66,746,370
Employee benefit expenses	2,379,183	2,374,127
Technical management fees	2,511,916	2,780,263
Amortisation of container	14,006,062	7,677,725
Depreciation - plant machinery	4,088,901	4,915,098
	107,144,061	84,493,583

7 Administrative expenses

	31 December 2019 N'000	31 December 2018 Restated N'000
Employee benefit expenses	4,381,150	4,588,953
Other staff related costs	2,645,491	2,148,042
Staff recruitment and training expenses	210,233	215,374
Audit fee	97,882	59,609
Corporate social responsibilities & donations	92,159	116,400
Business running costs	6,318,732	4,181,485
Short term lease expense	29,365	12,133
Depreciation (note 7.1)	11,396,087	4,295,335
Depreciation-ROU	895,785	257,736
Amortisation	103,228	67,412
	26,170,112	15,942,479

The Company paid the sum of N3.4m as default fee on late filing of its 2018 audited financial statements. This amount has been presented within business running costs in administrative expenses.

7.1 Depreciation expense

	31 December 2019 N'000	31 December 2018 N'000
Reported in cost of sales	18,094,963	12,592,823
Reported in administrative expenses	12,291,872	4,553,071
	30,386,835	17,145,894

8 Marketing, promotion and distribution expenses

	31 December 2019 N'000	31 December 2018 N'000
Employee benefit expense	4,411,520	1,883,552
Advertising and promotion	11,555,674	7,859,505
	15,967,194	9,743,057

8.1 Employee benefits expenses

	31 December 2019 N'000	31 December 2018 N'000
Salaries and wages	10,524,301	7,778,096
Defined contribution	138,232	193,765
Defined benefit	509,320	874,771
Employee benefit expenses	11,171,853	8,846,632

8.2 Employee benefit expenses

	31 December 2019 N'000	31 December 2018 N'000
Reported in cost of sales	2,379,183	2,374,127
Reported in administrative expenses	4,381,150	4,588,953
Reported in marketing, promotion and distribution expenses	4,411,520	1,883,552
	11,171,853	8,846,632

9	**Other income/(expense)**	**31 December 2019 N'000**	**31 December 2018 N'000**
	Waste and scrap sales	11,526	32,351
	Gain/(loss) on derivatives	(961,665)	759,485
	Sundry income	287,489	15,658
		(662,650)	807,494

10	**Other gains/(losses) - net**	**31 December 2019 N'000**	**31 December 2018 N'000**
	Net foreign exchange gain/(loss) - realised (note 10.1)	694,040	(2,101,267)
	Net foreign exchange (loss) - unrealised (note 10.2)	(2,407,945)	(1,064,845)
	Loss on disposal of PPE	(11,708)	-
		(1,725,613)	(3,166,112)

10.1	**Net foreign exchange gain - realised**	**31 December 2019 N'000**	**31 December 2018 N'000**
	Foreign exchange gain - realised	(1,282,311)	(1,885,633)
	Foreign exchange loss - realised	588,271	3,986,900
		(694,040)	2,101,267

10.2	**Net foreign exchange gain - unrealised**	**31 December 2019 N'000**	**31 December 2018 N'000**
	Foreign exchange loss - unrealised	(2,407,945)	1,064,845
		(2,407,945)	1,064,845

11	**Finance income and costs**	**31 December 2019 N'000**	**31 December 2018 N'000**
	Finance income		
	Interest income	1,776	84,265
	Finance costs		
	Interest expense on borrowings	(15,048,561)	(16,029,632)
	Interest expense Right of use assets	(135,172)	(7,790)
	Net finance costs	(15,183,733)	(16,037,422)

12	**Current income tax and deferred tax**	**31 December 2019 N'000**	**31 December 2018 N'000**
12.1	**Current income tax**		
	Minimum tax	671,425	-
	Education tax	-	161,963
	Total current income tax	671,425	161,963
	Deferred income tax credit to profit or loss	(9,047,708)	(4,344,977)
	Total tax credit to profit or loss	(8,376,284)	(4,183,014)

Provision for income tax is computed on the basis of minimum Tax rate of 0.5% of gross turnover in accordance with the provisions of the finance Act. Education tax represents 2% of assessable profit in accordance with the provisions of the Education Tax Act.

12.2	**Reconciliation of effective tax rate**	**31 December 2019 N'000**	**31 December 2018 N'000**
	Profit before tax	(36,166,949)	(8,116,461)
	Tax at Nigeria corporation tax rate of 30% (2019: 30%)	(10,850,085)	(2,434,938)
	Education tax at 2% of assessable profit	-	161,963
	Minimum tax at 0.5% of Gross turnover	671,425	-
	Expense giving rise to permanent difference	1,802,377	(1,930,183)
	Total tax credit to profit or loss	(8,376,284)	(4,183,014)

12.3 Current income tax (asset)/liability

	31 December 2019	31 December 2018
	N'000	N'000
At 1 January	1,445,591	2,634,192
Current year tax expense	671,425	161,963
Payment during the year	(133,191)	(1,350,564)
At 31 December	1,983,825	1,445,591

12.4 Deferred income tax

Deferred taxes are calculated on all temporary differences using the liability method and an effective tax rate of 30%. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	31 December 2019	31 December 2018
	N'000	N'000
Deferred tax assets:		
-Deferred tax assets to be settled within 12 months	9,237,326	189,618
	9,237,326	189,618
Deferred tax liabilities:		
-Deferred tax liabilities to be settled after more than 12 months	-	-
Deferred tax assets - net	9,237,326	189,618

Deferred tax assets/(liabilities)	**Tax losses**	**Properties, plant and equipment**	**Provisions**	**Others (unrealised exchange gain and loss)**	**Total**
The gross movement on the deferred income tax account is as follows:	N'000	N'000	N'000	N'000	N'000
At 31 December 2018	41,897,551	(43,447,012)	1,398,329	340,750	189,618
(Charged)/credited to profit or loss	(40,731,499)	50,795,903	(1,398,329)	381,634	9,047,709
At 31 December 2019	1,166,052	7,348,890	-	722,384	9,237,326

	31 December 2019	31 December 2018
The gross movement on the deferred income tax account is as follows:	N'000	N'000
At 1 January	189,618	(4,155,359)
Credit to profit or loss	9,047,708	4,344,977
At 31 December	9,237,326	189,618

A deferred tax asset of N 9.2 billion (2018 : N 189.6 million) arose as a result of unutilized capital allowances and carry forward of unused tax losses. The directors have decided to recognize this since it is forecasted that sufficient taxable profits will be available in the future which the deductible temporary differences can be utilised.

13 Property, plant and equipment

	Land N'000	Buildings N'000	Plant and machinery N'000	Vehicles, furniture and equipment N'000	Returnable containers N'000	Assets in course of construction N'000	Total N'000
Cost							
As at 1 January 2019	3,544,942	43,091,987	148,506,355	6,951,463	60,742,129	15,584,414	278,421,290
Additions	-	-	-	-	-	56,845,367	56,845,367
Reclassification	(919,168)	3,153,459	(5,583,587)	3,349,297	-	-	-
Transfers from asset in course of construction	-	2,366,482	10,539,554	3,600,523	24,443,029	(40,949,589)	-
Adjustments	-	-	-	-	3,704,370	-	3,704,370
Write off	-	-	-	-	-	-	-
Disposals	-	-	(19,537)	-	-	-	(19,537)
As at 31 December 2019	2,625,774	48,611,928	153,442,785	13,901,283	88,889,528	31,480,192	338,951,490
As at 1 January 2018	111,468	25,323,342	75,708,486	6,758,894	38,437,054	65,524,916	211,864,160
Additions	-	-	-	-	-	69,772,968	69,772,968
Transfers from asset in course of construction	3,433,474	17,768,645	73,560,955	2,645,321	22,305,075	(119,713,470)	-
Write off	-	-	(763,086)	(2,452,752)	-	-	(3,215,838)
Disposals	-	-	-	-	-	-	-
As at 31 December 2018	3,544,942	43,091,987	148,506,355	6,951,463	60,742,129	15,584,414	278,421,290
Accumulated Depreciation							
As at 1 January 2019	-	1,334,165	11,943,486	1,029,370	20,740,612	-	35,047,633
Depreciation for the year	-	1,688,370	10,593,685	3,202,944	13,562,043	-	29,047,042
Adjustments	-	-	-	-	3,704,370	-	3,704,370
Write off	-	-	-	-	-	-	-
Disposals	-		(7,600)	-	-	-	(7,600)
As at 31 December 2019	-	3,022,535	22,529,571	4,232,314	38,007,025	-	67,791,445
As at 1 January 2018	-	410,414	6,902,535	999,477	13,062,887	-	21,375,313
Depreciation for the year	-	923,751	5,804,037	2,482,645	7,677,725	-	16,888,158
Write off	-	-	(763,086)	(2,452,752)	-	-	(3,215,838)
Disposals	-	-	-	-	-	-	-
As at 31 December 2018	-	1,334,165	11,943,486	1,029,370	20,740,612	-	35,047,633
Net book value							
At 31 December 2019	2,625,774	45,589,393	130,913,214	9,668,969	50,882,503	31,480,192	271,160,046
At 31 December 2018	3,544,942	41,757,822	136,562,869	5,922,093	40,001,517	15,584,414	243,373,657
At 1 January 2019	3,544,942	41,757,822	136,562,869	5,922,093	40,001,517	15,584,414	243,373,657

*Adjustments relate to a reclassification of returnable container acquisition costs which were recognised in accumulated depreciation. This has a nil impact on the net book value of the returnable containers.
*Amount writeoffs relates to fully depreciated assets which are no longer in use by the company. There was no write off in the current year.

14	**Right of Use asset**	**31 December 2019**	**31 December 2018 Restated**	**1 January 2018 Restated**
		N'000	**N'000**	**N'000**
	Cost			
	Opening balance	642,512	181,932	-
	Additions	2,839,210	460,580	181,932
	As at 31 December	3,481,722	642,512	181,932
	Accumulated amortisation			
	Opening balance	257,736	-	-
	Charge for the year	895,785	257,736	-
	As at 31 December	1,153,521	257,736	-
	Net book value	2,328,201	384,776	181,932

14.1 Amounts recognised in the statement of financial position
The statement of financial position shows the carrying amounts relating to leases:

	31 December 2019	**31 December 2018 Restated**	**1 January 2018 Restated**
	N'000	**N'000**	**N'000**
Land	3,870	38,529	22,448
Building	2,324,331	346,247	159,484
	2,328,201	384,776	181,932

14.2

Amounts recognised in the statement of profit or loss Depreciation charge on right of use assets	**31 December 2019**	**31 December 2018 Restated**
	N'000	**N'000**
Land	34,659	34,659
Buildings	861,127	223,077
	895,785	**257,736**

Short term leases relate to leases of warehouse with contractual lease term of less than or equal to 12 months at the date of initial application of IFRS 16. At the end of the reporting period, rental expense of ₦0.03 million (2018: 0.01 million) was recognised within Administrative expenses (Notes 7) for these leases. The company does not have low-value leases and variable lease payments as lease payments are not increased during the life time of the asset.

The Company primarily leases land and building (used as office space, warehouse and residency). The lease terms are typically for fixed periods ranging from 5 years to 10 years but may have extension options.

15	**Intangible assets**	**31 December 2019**	**31 December 2018**
	Computer software	**N'000**	**N'000**
	Cost		
	Opening balance	582,819	480,493
	Additions	74	102,326
	As at 31 December	582,893	582,819
	Accumulated amortisation		
	Opening balance	115,313	47,901
	Charge for the year	103,228	67,412
	As at 31 December	218,541	115,313
	Net book value	364,352	467,506

Intangible assets relate to computer software programme licenses acquired by the Company. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives. The costs are amortised to "administrative expenses" in the profit or loss.

16	**Inventories**	**31 December 2019**	**31 December 2018**
		N'000	**N'000**
	Raw materials	11,285,527	9,500,425
	Spares parts, fuel and lubricants (note 16.1)	5,035,942	3,716,848
	Production in progress	3,591,539	4,508,624
	Consumables	789,241	73,817
	Finished products	1,172,400	1,997,732
	Stationeries	101,741	60,095
		21,976,390	19,857,541

During the year inventory expensed to cost of sales amounted to N84 billion (2018: N 66 billion)

16.1	**Spares parts, fuel and lubricants**	**31 December 2019**	**31 December 2018**
		N'000	**N'000**
	Spares parts, fuel and lubricants	5,432,492	4,245,049
	Provision for obsolete inventory	(396,550)	(528,201)
		5,035,942	3,716,848

		31 December 2019	31 December 2018	1 January 2018
17	**Trade and other receivables**		Restated	Restated
		N'000	N'000	N'000
17.1	Trade receivables	26,639,550	27,420,322	15,071,383
	Impairment provision on trade receivables	(3,531,887)	(1,881,760)	(3,542,357)
	Net trade receivables	23,107,663	25,538,562	11,529,026
17.2	Other financial assets at amortised cost			
	Amount due from related parties (note 28a)	1,051,549	275,284	623,403
	Impairment	(16,735)	-	-
	Staff receivables	65,618	-	23,739
	Other receivables	2,811,053	1,595,884	221,384
		3,911,485	1,871,168	868,526

		31 December 2019	31 December 2018	1 January 2018
			Restated	Restated
17.3	Non-financial assets			
	Deposit for supplies	-	-	1,663,642
	Prepayments	991,370	611,316	3,050,116
		991,370	611,316	4,713,758
	Total trade and other receivables	28,010,518	28,021,046	17,111,310

	31 December 2019	31 December 2018	1 January 2018
	N'000	N'000	N'000
Current	27,803,033	28,021,046	15,750,189
Non current	207,485	-	1,361,121
	28,010,518	28,021,046	17,111,310

		31 December 2019	31 December 2018
17.4	**Impairment provision analysis**		
a	**Trade receivable**	N'000	N'000
	Opening balance	1,881,760	3,542,357
	Write-back/(off) during the year	-	(1,896,989)
	Increase in trade receivable allowance	1,650,127	236,392
	Balance at 31 December	3,531,887	1,881,760
b	**Intercompany receivable**		
	Opening balance	-	-
	Impairment on intercompany receivables	16,735	-
	Balance at 31 December	16,735	-

Impairment recognised on trade and intercompany receivable represent the loss allowance is measured at an amount equal to lifetime expected credit losses.

		31 December 2019	31 December 2018
18	**Derivative asset**	N'000	N'000
	OTC forward contract	263,491	656,500

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period through profit or loss.

		31 December 2019	31 December 2018
19		N'000	N'000
	Cash in hand	-	4,945
	Cash at bank	15,694,953	7,779,616
	Restricted cash*	16,111,256	9,573,289
		31,806,209	17,357,850

The company classifies its cash on hand and in bank, and investments in short term liquid instruments as cash and cash equivalents.

*Restricted cash is collateral deposit held by the bank till the maturity date of forward contracts.

19.1 Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	31 December 2019	31 December 2018
	N'000	N'000
Balances as above	31,806,209	17,357,850
Bank overdraft	-	(28,386,435)
Balances per statement of cash flows	31,806,209	(11,028,585)

		31 December 2019	31 December 2018
20	**Trade and other payables**	N'000	N'000
	Trade payable	31,484,836	11,925,626
	Accrued expenses	14,878,708	16,780,264
	Amount due to related parties	37,154,853	20,714,990
	Other payable	4,492,640	4,398,124
	Unclaimed dividends	175,963	175,963
		88,186,999	53,994,967

20.1 Other payables

	31 December 2019 N'000	31 December 2018 N'000
Other provisions	8,000	1,002,597
Excise duty	2,182,676	1,621,501
VAT payable	786,572	444,325
WHT Payable	1,515,391	1,329,701
	4,492,640	4,398,124

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

21 Employee benefits obligation

International Breweries Plc operates contributory pension scheme under the Nigerian Pension Reform Act, 2014. Contributions are through appointed Pension Fund Administrators that provide pension benefits for employees upon retirement.

Provision is made for gratuities due to staff upon disengagement based on their years of service and current emoluments as contained in the staff conditions of service. The Company makes provisions for gratuity for employees that have spent at least 5 years continuing service in the Company. The mandatory retirement age for all staff is 60 years.
For pension, the Company's legal or constructive obligation for these plans is limited to the contributions.. Contribution is based on total emoluments (basic salary, transport, housing and meal allowances).

Expected contributions to post-employment benefit plans for the year ending 31 December 2020 are N126 million

21.1 Amount recognised in the statement of financial position

Movement in the present value of the defined benefit obligation	31 December 2019 N'000	31 December 2018 N'000
Defined benefit obligation at 1 January	2,500,402	2,571,384
Current service costs	665,236	511,444
Plan Amendment*	(538,500)	-
Interest cost	382,584	363,327
Amount recognised in the profit or loss	509,320	874,771
Remeasurement gain due to assumption changes	127,880	(496,672)
Remeasurement loss due to experience adjustment	(267,995)	694,814
Remeasurements losses recognised in other comprehensive income	(140,115)	198,142
Contributions:		
Benefits (paid)/owed by the plan	(239,500)	(1,143,895)
Defined benefit obligation at 30 December	2,630,107	2,500,402

*There was a change from the annualized accrued gratuity approach (with 5% p.a. interest credit) to the final salary approach after 31st December 2018. Hence, benefits for services rendered from 1st January 2019 accrue under the final salary approach.

21.2 Actuarial assumption and sensitivity analysis

a Actuarial assumption

	31 December 2019	31 December 2018
*Discount Rate	14%	15.75%
Average Long-term Rate of Future Salary Increases (p.a.)	12%	12%
Average Long-term Rate of Interest Credit (p.a.)	14%	-
Average Future Long-term Rate of Inflation (p.a.)	12%	-
Mortality in Service	The mortality tables are published by the institute and Faculty of Actuaries, United Kingdom.	
Turnover Rates	4.0% up to 29yrs 3% from 30 to 39yrs 2% from 40 to 44yrs 1% from 45 to 54yrs 0% above 54 yrs	
Actuarial Cost Method	Projected Unit Credit	

*The liability duration of the Gratuity Plan is estimated at 18.56 years (2018: 16.51 years). We have compared this with the modified duration of the closest FGN bond as at 31st December 2019 which was 7.46 years with a gross redemption yield of about 12.89 %. We have therefore adopted a discount rate of 14% (2018: 15.75%)

Compentency of the Valuer
The expert values International Breweries Plc's obligation to the staff gratuity benefit plan it operates for its employees.
The actuarial valuation was performed by a professional actuary with FRC registration number FRC/2017/NAS/00000017548.

b **Sensitivity analysis**

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holder other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

		31 December 2019 N'000	31 December 2018 N'000
Basic assumptions		2,630,107	2,500,402
Discount rate	+1%	2,539,488	2,177,686
	-1%	2,746,661	2,888,227
Salary increase	+1%	2,776,463	2,910,561
	-1%	2,509,301	2,156,102
Age Rated Up by 1 year		2,629,956	2,501,896
Age Rated Down by 1 year		2,630,228	2,499,031

The sensitivity analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the assumptions shown. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

c **Risk exposure**

Through its defined benefit, the group is exposed to a number of risks, the most significant of which are detailed below:

Inflation risks	Some of the Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the Company's plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

22 **Borrowings**

The overdraft facilities from the various banks are all secured by corporate guarantee of the company. Interest on the bank overdrafts is payable at rates ranging from 19.5% to 23%; (2018:19.5% to 23%). All overdraft facilities were paid off during the year.

During the year, there was a term loan facility amounting to N179 billion with a maturity date for the facility obtained to be one year from the date of the financial close (i.e. the date upon which the Lender has confirmed to the obligors that all of the conditions precedent to utilization, in which case, the borrower has received all of the documents and other evidences required in form and substance satisfactory to the lender). A loan amounting to $300m was obtained in 2019 with maturity date of January 2020.

A loan of $424m was obtained in 2018 with maturity date of May 2021. The Company has entered into non deliverable forward contracts to mitigate the forex risk on the contractual interest and principal repayments. There is also a loan (revolving credit facility) of N24.2 billion that has not been drawn down by the company as at year end.

Interest rates on the Company's loans range from 21% to 23%. The Company's borrowings are for a period ranging from one year to three years.

		31 December 2019 N'000	31 December 2018 N'000
(a)	**Current**		
	Bank overdrafts	-	28,386,435
	Term bank loan	113,881,753	35,052,442
		113,881,753	63,438,877

		31 December 2019 N'000	31 December 2018 N'000
(b)	**Non Current**		
	Term bank loan	149,753,338	153,738,160
		149,753,338	153,738,160

		31 December 2019 N'000	31 December 2018 N'000
(c)	**Movement in borrowings (excluding bankdrafts)**		
	At 1 January	188,790,602	68,276,061
	Addition	307,264,000	254,798,160
	Interest in the period	14,103,718	16,029,632
	Repayment	(246,523,229)	(150,313,251)
		263,635,091	188,790,602

23 Leases

The Company adopted IFRS 16 on 1 January 2019 with full retrospective application. Following the adoption of IFRS 16, the Company has recognised a Right-of-Use asset and a corresponding lease liability, in accordance with the new standard. The total cashflow for all leases for 2019 amounted to N68.73m (2018: N48 Million)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(a) Lease liabilities	31 December 2019 N'000	31 December 2018 N'000	1 January 2018 N'000
Opening balance	76,246	40,985	-
Addition	1,035,393	49,433	40,985
Interest expense	135,172	7,790	-
Repayments	-	(21,962)	-
Closing balance	**1,246,811**	**76,246**	**40,985**
(b) Current	53,486	-	20,826
Non-Current	1,193,325	76,246	20,159
	1,246,811	**76,246**	**40,985**

24 Share capital

	31 December 2019 N'000	31 December 2018 N'000
Authorised:		
8,600,000,000 Ordinary shares of 50 kobo each	4,300,000	4,300,000
Issued and fully paid:		
8,595,861,920 Ordinary shares of 50 kobo each	4,297,931	4,297,931

25 Share premium

	31 December 2019 N'000	31 December 2018 N'000
Balance as at 31 December	6,160,731	6,160,731

26 Earnings/(Loss) per share

Basic earnings/(loss) per share (EPS) is calculated by dividing the loss after taxation by the weighted average number of ordinary shares in issue at the end of the reporting period.

	31 December 2019	31 December 2018
Loss attributable to shareholders (N'000)	(27,790,665)	(3,933,447)
Weighted average number of ordinary shares in issue ('000)	8,595,862	8,595,862
Basic and diluted loss per share (Naira)	(3.23)	(0.46)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (2018: Nil), hence the basic and diluted loss per share have the same value.

27 Cash generated from operating activities

27.1 Reconciliation of cash generated from operations

	31 December N'000	31 December N'000
Loss before tax	(36,166,949)	(8,116,461)
Adjustment for non cash items:		
Depreciation of property, plant and equipment (note 13)	29,047,042	16,888,158
Depreciation right of use (note 14)	895,785	257,736
Amortisation of intangible assets (note 14)	103,228	67,412
Fair value loss on derivatives (note 18)	393,009	656,500
Interest received	(1,776)	(84,265)
Interest expense	15,183,733	16,037,422
Employee benefit expense (note 21.1)	509,320	874,771
Loss on disposal of property plant and equipment (note 25.2)	11,708	-
Impairment loss on financial assets	1,666,862	236,392
Unrealised exchange loss	661,998	1,064,845
Changes in working capital:		
(Increase) in trade and other receivables	(1,656,334)	(11,146,128)
Increase in inventories	(2,118,849)	(3,652,755)
Increase/(Decrease) in trade and other payables	33,530,034	(41,525,323)
Net cash generated from/(used in) operations	42,058,811	(28,441,697)

27.2 An analysis of loss on disposal of property, plant and equipment is shown below:

	31 December 2019 N'000	31 December 2018 N'000
Proceeds from disposal of Property, plant and equipment	229	-
Net book value of property, plant and equipment disposed (note 14)	11,937	-
Loss on disposal of property plant and equipment	11,708	-

27.3 Reconciliation to cashflows: Changes in working capital

2018	Trade receivables N'000	Inventories N'000	Trade payables N'000
Movement per the statement of financial position	(11,382,520)	(3,652,755)	(41,525,323)
Impairment of financial assets	236,392	-	-
Movement per statement of cash flows	(11,146,128)	(3,652,755)	(41,525,323)

28 Related parties

The company's related parties include the ultimate parent company, AB InBev, SAB-Miller Finance BV and SAB-Miller Plc a subsidiary of AB InBev; its group entities; the directors, their close family members and employees who are able to exert a significant influence on the company's operating policies. These may also include key management personnel having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Brauhaase International Management GMBH and its ultimate holding company (AB InBev Nigeria Holding BV) as at 31 December, 2019 held an equity interest of 72.17% in International Breweries Plc.

During the year, transactions with companies related to the ultimate holding company were in respect of the following:

a) Rendering of services

	31 December 2019 N'000	31 December 2018 N'000
Amount due from parent	432,425	-
Amount due from fellow subsidiaries	602,388	275,284
Total receivables from related parties	1,034,814	275,284
Amount due to parent	2,274,679	-
Amount due to fellow subsidiaries	34,880,173	20,714,990
Total payables to related parties	37,154,853	20,714,990

All outstanding balances with these related parties are priced on arm's length basis and are to be set led within the agreed periods. None of the balances are secured and do not bear interest.

b) Transactions with related parties

Entity Name	Nature of Relationship	Total Sales	Total Purchases
		N'000	N'000
ABInbev Africa Ltd	Subsidiary of same parent company	-	73,718
ABInbev Africa Ltd	Subsidiary of same parent company	-	45,148
ABInbev Africa Ltd	Subsidiary of same parent company	194,242	-
Anheuser-Busch InBev Services, LLC- USA	Subsidiary of same parent company	-	4,490
South African Breweries Pty Ltd	Subsidiary of same parent company	-	40,343
South African Breweries Pty Ltd	Subsidiary of same parent company	871	-
Accra Brewery Ltd	Subsidiary of same parent company	51,111	-
Accra Brewery Ltd	Subsidiary of same parent company	-	7,534
Anheuser-Busch InBev NV/SA- Belgium	Subsidiary of same parent company	-	89,364
Beverage Management solution	Subsidiary of same parent company	595,753	-
Total		**841,976**	**260,596**

c) Key management compensation

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. These persons make up the board of directors. The compensation paid or payable to key management for employee services is shown below:

	31 December 2019 N'000	31 December 2018 N'000
The emoluments of the highest paid director	24,200	18,591
Salaries and other short term employee benefits	-	62,456
Post - employment benefits	-	5,681
	-	68,137

The emoluments of the directors were within the bands stated below:	31 December 2019 Number	31 December 2018 Number
5,000,001 - 15,000,000	3	6
Above 15,000,000	4	1
	7	7

The directors who did not earn emolument waived their right to receive emolument.

29 Employees

i) The average number of persons (excluding directors) employed by the Company during the year was as follows:

	31 December 2019 Number	31 December 2018 Number
Management	411	436
Non-management	1,820	1,813
	2,231	2,249

ii) The table below shows the number of employees (excluding directors), who earned over N400,000 as emoluments in the year and were within the bands stated.

	31 December 2019 Number	31 December 2018 Number
400,000 - 1,500,000	7	28
1,500,000 - 3,000,000	1,115	877
3,000,001 - 4,500,000	618	831
Above 4,500,000	491	513
	2,231	2,249

30 Contingent liabilities and commitments

At the statement of financial position reporting date, there were legal claims of N10.12 billion (2018 : N15.12 billion) against International Breweries Plc for which the law suits have not been concluded as at year end arising.

The Company entered into a contractual commitment of N394.59 million (USD 1.083m) in respect of project in Sagamu as at 31 December 2019 (2018: nil). The commitment relates to Property, plant and equipment.

31 Events after the reporting period

On 15 October, 2019 shareholders approved that a Rights Issue be conducted to deleverage the Company. The Rights was to issue 18,266,206,614 Ordinary Shares of N0.50 each at N9.00 per share on the basis of 17 New Ordinary shares for every 8 Ordinary Shares held as at 6 November, 2019. At the conclusion of the offer, the Rights Issue was 100% subscribed (with proceed amount of N164,395,859,526 credited to the Company) and the Board of Directors on 31 December, 2019 passed a resolution to approve the basis of allotment.

Approval was yet to be obtained from the Securities and Exchange Commission "SEC" and hence, no deposit was recorded for the Rights Issue within the period under review. The SEC approved the allotment on 23 January, 2019 and the new shares has been successfully listed by the Nigerian Stock Exchange.

32 Dealing Policy

International Breweries Plc has a Securities Trading Policy "The Policy" which guides the Board and Employees when attempting effecting transactions in the Company's shares. The Policy provides for periods for Dealing in Shares and other Securities; established communication protocols on periods when transactions are not permitted to be effected on the Company's shares (Close Period) as well as disclosure requirements when effecting such transactions.

The Company complied with the Nigerian Stock Exchange Rules regarding this Policy in the year under review.

33 Non-audit services

During the year, PricewaterhouseCoopers was not engaged to perform non-audit service.

Statement of value added

	December 2019 N'000	%	December 2018 N'000	%
Revenue	132,351,500		120,610,825	
Less: bought in materials and services	(111,314,043)		(87,635,562)	
Other (losses)/income	(662,650)		807,494	
Value added	20,374,807	100	33,782,757	100
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	11,171,853	54.8	8,846,632	26.2
To pay government:				
Tax credit	(8,376,284)	(41.1)	(4,183,014)	- 12.4
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	29,047,042	142.6	16,888,158	50.0
Depreciation right of use	895,785		257,736	
Net interest	15,183,733	74.5	16,037,422	47.5
Amortisation of intangible asset	103,228	0.5	67,412	0.2
Loss for the year	(27,650,550)	(135.7)	(4,131,589)	- 12.2
Value added	20,374,807	96	33,782,757	99

This statement represents the distribution of the wealth created through the use of the Company's assets by its own and employees' efforts.

Financial position	**31 December 2019 N'000**	**31 December 2018 N'000**	**31 December 2017 N'000**	**31 March 2017 N'000**	**31 March 2016 N'000**
Capital employed:					
Ordinary share capital	4,297,931	4,297,931	4,297,931	1,647,125	1,647,125
Share premium	6,160,731	6,160,731	6,160,731	6,160,731	6,160,731
Retained earnings	(2,940,475)	24,896,862	28,763,160	4,048,189	4,828,779
Other reserves	1,360,756	1,360,756	1,360,756	1,360,756	1,360,756
Employee benefit reserves	(1,415,242)	(1,555,357)	(1,357,215)	-	-
Total equity	7,463,701	35,160,923	39,225,363	13,216,801	13,997,391
Represented by:					
Non-current assets	283,560,901	244,732,965	192,096,090	31,620,946	22,841,925
Current assets	81,585,632	65,545,955	40,053,161	11,939,249	10,640,181
Current liabilities	(204,106,062)	(118,879,435)	(168,026,156)	(26,188,616)	(15,846,886)
Non-current liabilities	(153,576,770)	(156,238,562)	(24,897,732)	(4,154,778)	(3,637,829)
Net assets	7,463,701	35,160,923	39,225,363	13,216,801	13,997,391
Net assets per share	0.87	4.09	4.56	4.01	4.25

Net assets per share is calculated by dividing net assets of the company by the number of ordinary shares outstanding at the end of the reporting period.

Financial result	**12 Months ended December 2019 N'000**	**12 Months ended December 2018 N'000**	**9 Months ended December 2017 N'000**	**31 March 2017 N'000**	**31 March 2016 N'000**
Revenue	132,351,500	120,610,825	36,527,807	32,711,218	23,269,364
Gross profit	25,207,439	47,340,245	13,707,886	15,164,459	10,708,935
Net operating expenses	(46,192,431)	(39,444,190)	(12,991,539)	(7,080,034)	(5,567,823)
Operating profit	(20,984,992)	7,896,055	716,347	8,084,425	5,141,112
Net finance costs	(15,181,957)	(15,945,367)	(3,950,058)	(5,192,676)	(1,484,286)
(Loss)/profit before taxation	(36,166,949)	(8,049,312)	(3,233,711)	2,891,749	3,656,826
Income tax expense	8,376,284	4,183,014	4,628,936	(1,857,392)	(1,004,078)
(Loss)/Profit for the year	(27,790,665)	(3,866,298)	1,395,225	1,034,357	2,652,748
Basic & diluted (loss)/earnings per share (Naira)	(3.23)	(0.45)	0.16	0.31	0.81

(Loss)/Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.