



DANGOTE CEMENT PLC

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

31 DECEMBER 2020

Dangote Cement Plc

Consolidated and separate financial statements for the year ended 31 December 2020

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DIRECTORS' REPORT

Report of the Directors

The Directors of Dangote Cement Plc. present the Consolidated and Separate Financial Statements for the year ended 31st December 2020. The Directors have considered all the matters brought before them in the financial year under review and are satisfied that the Directors' Report represents a fair, balanced and realistic view of events.

Legal Form

Obajana Cement Plc., subsequently renamed Dangote Cement Plc., by virtue of a special resolution dated 14th July 2010, was incorporated in Nigeria as a public limited company on 4th November 1992 and commenced operations in January 2007. Dangote Cement Plc. listed its shares on the Nigerian Stock Exchange ("the Exchange") on 26th October 2010 and it has a market capitalisation of almost four billion Naira.

Principal Activities

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

Subsequent Events

Other than those disclosed in Note 38 of the Financial Statements, there were no other events after the reporting date which could have had a material effect on the financial position of the Group as at 31 December 2020 which have not been adequately provided for in the Financial Statements.

Directors' Responsibilities

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

1. The Board is charged with ensuring that appropriate values, ethics and behaviours for the conduct of the Company are agreed and that appropriate procedures and policies are in place to ensure that these are implemented effectively. The Board ensures leadership through effective oversight and review. Supported by its Committees, the Board sets the Company's strategic direction and aims to deliver a sustainable increase in shareholder value over the longer term.
2. The Board ensures that proper accounting records are maintained, that accounting policies are used and consistently applied and that appropriate financial statements are prepared on the going concern basis, in conformity with applicable law and standards. Most of this responsibility is delegated to the Finance and Investment Committee.
3. The Board ensures that adequate internal control procedures are established to safeguard the assets of the Company and to present and detect fraud and other irregularities. It also oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate the principal risks of the Company's business. Much of this work is delegated to the Audit, Risk and Compliance Committee.
4. The Board reviews the remuneration framework, performance criteria and succession planning at Board and Executive Management level. It also oversees the Group's human resources strategy including the organizational and compensation structures. Much of these responsibilities are delegated to the Remuneration, Governance and Nomination Committee.

5. The Board reviews the structure of the Board and develops governance policies in line with regulatory requirements and international best practice. Much of this responsibility is delegated to the Remuneration, Governance and Nomination Committee.

6. The Board ensures that the technical and operational aspects of the business are conducted efficiently and with regard to global best practices. It assesses the feasibility of proposed new projects and ensures that the operational, technical, production, sustainability and staffing aspects of our plants are adequate, comply with local and international laws and are aligned with our business goals. It is also responsible for overseeing new technical and development programmes within the business. Many of these responsibilities are delegated to the Technical and Sustainability Committee.

7. As part of the annual review of the effectiveness of its Committees, the Board has considered the qualifications, expertise and experience of the members and is satisfied that all the Committee members bring a wide range and depth of knowledge and skill, and that they will effectively discharge their duties. The Company Secretary is the Secretary to each Committee.

Results for The Year

- Group revenue increased by 16% to ₦1,034 billion (2019: ₦891.7 billion).
- Company revenue increased by 18% to ₦720 billion (2019: ₦610.3 billion)
- Group net profit increased by 38% to ₦276.1 billion (2019: ₦200.5 billion).
- Company net profit increased by 35% to ₦352.6 billion (2019: ₦261.4 billion).
- Group earnings per share increased by 37% to ₦16.14 (2019: ₦11.79).
- Company earnings per share increased by 35% to ₦20.69 (2019: ₦15.34).

Dividends

The Directors pursue a dividend policy that reflects the Company's earnings and cash flow, while maintaining appropriate levels of dividend cover. They consider the capital needed to fund the Company's operations and expansion plans. For the 2020 financial year, the Directors are pleased to recommend a dividend of ₦16.00 per ordinary 50 kobo share (2019: ₦16.00).

If the dividend recommended by the Directors is approved by the Shareholders at the Annual General Meeting, dividends will be paid to the shareholders whose names are registered in the Company's Register of Members at the close of business on the Qualification Date. The Board considers that the proposed dividend level is appropriate and is in line with the Company's strategic growth objectives.

Unclaimed Dividends

The total amount of unclaimed dividends outstanding as at 31 December 2020 is ₦4.0 billion (2019: ₦3.5 billion). A list of unclaimed dividends is available on the Company's website at www.dangotecement.com. The Company notes that some dividend warrants have either remained unclaimed, are yet to be presented for payment by shareholders, or have been returned to the Company for revalidation. Therefore, all shareholders with "unclaimed share certificates" or "unclaimed dividends" should address their claim(s) to the registrars, Coronation Registrars Ltd, at eforms@coronationregistrars.com or 9, Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria. Members are encouraged to notify the registrars or the Company Secretary of any changes in address or other relevant information.

Directors

As at March 18th 2021, Dangote Cement Plc. had 14 Directors; all of whom held office as at the year ended 31st December 2020. Engr. Joe Makoju retired on 31st January 2020, and Arvind Pathak resigned on February 25 2021, while Michel Puchercos was appointed as the Group Managing Director on February 1st 2020 and Berlina Moroole was appointed as a Non-Executive Director on July 24th 2020. The appointment, removal or reappointment of Directors is governed by the Company's Articles of Association, the Companies and Allied Matters Act (CAMA), 2020 as well as relevant Board and governance policies. These documents also set out the rights and obligations of Directors.

Directors' Interests

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

S/N	Shareholder	As at 31 December 2019 Units	As at 30 December 2020 Units	As at 18 March 2021 Units
1a	Aliko Dangote	27,642,637	27,642,637	27,642,637
1b	(Indirect: Aliko Dangote) Dangote Industries Ltd.	14,612,796,970	14,621,387,610	14,621,387,610
2	Sani Dangote	0	0	0
3	Olakunle Alake	6,931,702	8,000,000	8,000,000
4	Abdu Dantata	8,680	8,680	8,680
5	Devakumar V. G. Edwin	5,000,000	6,000,000	6,000,000
6	Ernest Ebi	100,000	100,000	100,000
7a	Emmanuel Ikazoboh	0	0	0
7b	(Indirect: Emmanuel Ikazoboh) ARM Nom: Osigbeme Enterprises Limited	98,149	98,149	98,149
8a	Douraid Zaghouni	0	0	0
8b	(Indirect: Douraid Zaghouni) Investment	243,540,000	243,540,000	243,540,000
9a	Viswanathan Shankar	0	0	0
9b	(Indirect: Viswanathan Shankar) GW Grey, Pte Ltd	128,560,764	128,560,764	128,560,764
10	Dorothy Udemé Ufot	0	0	0
11	Michael Davis	0	0	0
12	Cherie Blair	0	0	0
13	Arvind Pathak	0	0	0
14	Michel Puchercos	0	0	0
15	Berlina Moroole	0	0	0
16	Joseph Makoju	11,000	11,000	11,000

Conflicts of Interest

The Company maintains a Register of Directors' Interests in accordance with the requirements of the Companies and Allied Matters Act (CAMA), 2020. The Company also applies a Conflict of Interest Policy developed in accordance with international best practice, and Investment and Securities Act, 2007.

Powers of Directors

Subject to the Articles of Association of Dangote Cement Plc., prevailing legislation and any directions given by special resolution, the business and affairs of the Company are managed by the Directors, who in utmost good faith exercise all such powers for and on behalf of the Company.

Supplier Payment Policy

It is the policy of the Company to agree and clearly communicate the terms of payment as part of the commercial agreement negotiated with suppliers and then to pay according to those terms based upon receipt of an accurate invoice. Trade creditor days for the year ended 31 December 2020 were 47 days on average for the Group (2019: 61 days) and 63 days for the Company (2019: 67 days).

Property, Plant And Equipment

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

Donations

Sponsorship and charitable donations amounted to ₦2.9 billion (2019: ₦1.1 billion) for the Group and ₦2.5 billion (2019: ₦0.8 billion) for the Company.

Sustainability

Dangote Cement Plc. is committed to complying with, and exceed where practicable, all applicable legislation, regulations and codes of practice. We integrate sustainability considerations into all our business decisions; ensure that our staff, clients and suppliers are fully aware of our Sustainability Policy and are committed to implementing and improving it.

Corporate Governance and Investor Relations

During the 2020 financial year, the Company complied with the NSE Rules and has not been fined by the FRC, SEC nor NSE for any contraventions. Dangote Cement Plc. has emerged as a multinational manufacturing enterprise, promoting regional integration and providing growth and employment opportunities for African economies through the utilisation of Africa's natural resources by Africans and for Africans.

The Company pursues an active programme of investor relations with investor meetings and earnings calls throughout the year. Our website contains substantial information about the Company's performance and strategy.

Employees

Dangote Cement Plc. operates a policy of non-discrimination and considers all applications for employment equitably. Based on the Company's policy, an effort is made to ensure that the most qualified person is recruited for the position, irrespective of religion, ethnic group, physical condition or state of origin. Where existing employees become disabled, it is the policy, wherever practicable, to provide continuing employment under similar, or if required and possible adjusted, terms and conditions and to provide training as appropriate.

We review our employment policies in line with the strategic objectives of its business. Key employees are recruited to add value to the Company and ensure high performance based on clearly defined performance indices. Employees are provided with information about the Company through the Corporate Communications Department, which publishes information on our website and internally.

Retirement Benefits

The Company operates a group life policy as well as a contributory pension scheme for its employees in Nigeria, in line with the provisions of the Pension Reform Act 2014. The scheme is funded through employees' and employer's contributions in the ratio of 8% and 10% of the total emoluments of the employee, as prescribed by the Act.

Health, safety at work and welfare of employees

Dangote Cement Plc. recognises the importance of safeguarding the health and safety of its workforce, including its contractors, and manages the impact on the environment resulting from its activities, thereby building constructive and sustainable relationships with stakeholders based on trust and respect. The Company is therefore committed to:

1. Complying with all laws and regulations applicable in its operating environment;
2. Identifying, measuring and understanding the health, safety, environmental and social impact and risks of its operations, and implementing long-term and sustainable solutions towards mitigating impact; and
3. Continuously seeking innovative ways to improve its health, safety and environmental performance.

Safety and environment workshops are organised with a broad focus on good housekeeping to ensure a good and safe working environment. Fire prevention and firefighting equipment is installed in strategic locations in the offices and plants. The Company provides adequate personal protective equipment (PPE) and other critical safety equipment and has a system to monitor compliance. The Company also ensures that adequate safety clauses are included in the contracts to which it is a party. The Company has developed several Health, Safety, Security and Environment (HSSE) policies, established the 15 HSSE Golden Rules and implemented a suitable incentive scheme to reward good HSSE practice across the Group.

This is because we believe that protection and care of the environment is essential to the sustainability and growth of the Company in the long term. The Company continues to place a premium on its human capital development. We value the welfare of our employees and contractors and this fact will ensure the improved efficiency of the business and help to maintain its strategic advantage over its competition. During 2020, employees attended numerous local and international training and development programmes to improve their HSSE knowledge and skills.

Training and development

Dangote Cement Plc. is committed to the support of development of all its staff. The key purpose is to facilitate personal and professional development enabling individuals and groups to achieve their full potential at work. The Company recognises that its success is linked to the contribution, commitment and achievements of individual members of staff, working individually and in teams or groups. Training programmes are offered at the Dangote Academy for staff across the Group, with facilitation from professionals and other training experts. In addition to skill acquisition, the training programmes enable staff to develop the interpersonal skills needed to succeed in the workplace. The courses are designed to help staff in the performance of their designated roles and to help them to fulfil their potential.

Identification of staff development needs

An assessment of the skills of individuals, when they are appointed to a new role, will lead naturally to the identification of their need for training and development, related to duties that they are to perform. In addition, staff training and development needs may be identified in a variety of ways, e.g. by skills audit, by feedback and by staff performance appraisal. It is our policy that all staff have at least one annual performance review a year, with their head of department or line manager, at which time, training and development needs will be assessed and ways of meeting these will be identified, and an appropriate timescale agreed.

Research and innovation

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

Capital structure

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

Substantial interest in shares

All shares other than shares held by Dangote Industries Limited (85.8%) and Aliko Dangote (0.16%) are considered to be free float shares. Aliko Dangote is the ultimate owner of Dangote Industries Limited. All issued shares are fully paid and no additional shares were issued in 2020. As at 31st December 2020 and also at 18th March 2021, Dangote Industries Limited, as well as Stanbic IBTC Nominees Nigeria Ltd held more than 5% of the issued share capital of the Company, as detailed below:

Date	Details	Dangote Industries	Stanbic IBTC
As at 31 December 2019	Units	14,612,796,970	1,088,693,589
	%	85.75	6.39
As at 30 December 2020	Units	14,621,387,610	974,097,274
	%	85.8	5.72
As at 18 March 2021	Units	14,621,387,610	961,038,528
	%	85.8	5.64

Share Buyback Programme

The execution of the Share Buy-Back Programme was approved by the Company's shareholders at the Extraordinary General Meeting which was held on 21 January, 2020. This Programme, which involves the Company's buy-back of up to 10% of its issued shares, will be effected in tranches. Following the conclusion of Tranche I, the total number of residual issued and fully paid outstanding shares of DCP amounts to 17,000,307,404. Execution of this Tranche 1 did not have any material impact on the Company's financial position. Further details are as follows:

Commencement	30 December, 2020
Completion Date:	31 December, 2020
Mode:	Open Market on The
Total Number of	40,200,000,
Total Value of Shares	N9,769,478,307.80
Average Price:	N243.02

Independent Auditors

In compliance with the provisions of the Corporate Governance Codes, the Company puts the external audit contract out to tender at least every ten years. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA), 2020 KPMG Professional Services was appointed by the Directors during the year under review to replace Deloitte & Touche & Ahmed Zakari & Co. as external auditors. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. A resolution will be proposed to authorize the Directors to fix their remuneration.

By the Order of the Board of Directors.



Edward Imoedemhe
Deputy Company Secretary

FRC/2021/002/00000022594

Registered Office

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

Dated March 18, 2021

**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**

The Directors of Dangote Cement Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and Company as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

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

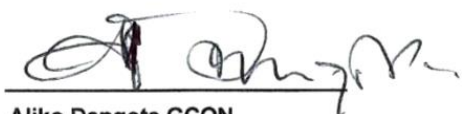
- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient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

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.
- The Directors have assessed the Group's ability to continue as a going concern and have no reason to believe the Group and Company will not remain as a going concern in the year ahead.

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2020 were approved by the Directors on 18 March 2021.

On behalf of the Directors



Aliko Dangote, GCON
Chairman

FRC/2013/IODN/00000001766



Michel Pucheros
Group Chief Executive
Officer/Group Managing Director

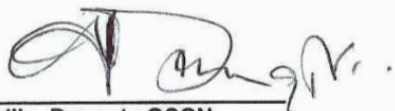
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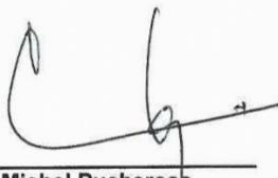
STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Further to the provisions of section 405 of the Companies and Allied Matters Act, 2020, we hereby certify the financial statements of Dangote Cement Plc for the year ended 31 December 2020 as follows:

- a) That we have reviewed the Audited Financial Statements (AFS) of the Group and Company for the year ended 31 December 2020.
- b) That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading.
- c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for the year ended 31 December 2020.
- d) That we have evaluated the effectiveness of the company's internal controls within 90 days prior to the date of Audited Financial Statements (AFS), and certifies that the Group and company's internal controls are effective as of that date;
- e) That we have disclosed to the following information to the Group and Company's auditors and audit committee:
 - i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and
 - ii) there are no fraud that involves management or other employees who have a significant role in the company's internal control; and
- f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



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



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



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

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

We have reviewed the consolidated and separate financial statements of Dangote Cement Plc and its subsidiaries (The Group) for the year ended 31 December 2020.

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

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

The consolidated and separate financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Group and Company as of, and for the year ended 31 December 2020;

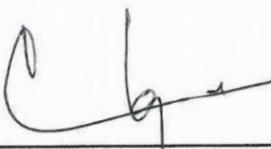
The Directors are responsible for establishing and maintaining internal controls,

We have:

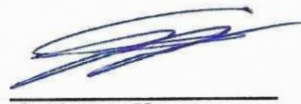
- designed such internal controls to ensure that material information relating to the Group is made known to us by others within the Group, particularly during the year in which this report is being prepared;
- continuously evaluated the effectiveness of the Group and Company's internal controls and reported to the Board's Audit and Risk Management Committee on a quarterly basis;
- disclosed to the Audit Committee, any fraud whether or not material, that involved management or other employees who have significant role in the Group and Company's internal controls.
- identified for the Company's Auditors all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarise and report financial data and any material weakness in internal controls
- identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



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



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



Guillaume Moyen
Group Chief Finance Officer
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dangote Cement Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

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

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of profit or loss;
- the consolidated and separate statements of comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Registered in Nigeria No BN 986925

Partners:

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Adetola P. Adeyemi	Elijah O. Oladunmoye	Nneka C. Eluma	Oluwatoyin A. Gbagi
Adewale K. Ajayi	Goodluck C. Obi	Olabinpe S. Afolabi	Tayo I. Ogungbenro
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Akinyemi Ashade	Ijeoma T. Emezie-Ezigo	Olanike I. James	Tolulope A. Odokale
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Ayodele A. Soyinka	Kabir O. Okunola	Olumide O. Olayinka	
Ayodele H. Othiwa	Lawrence C. Amadi	Olusegun A. Sowande	

1. Impairment assessment of investment in subsidiaries	
<i>Refer to significant accounting policies (Note 2.3.1) and related disclosures (Note 18) of the consolidated and separate financial statements.</i>	
The key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 18 to the financial statements, the carrying amount of ₦163.8 billion representing the Company's investment in subsidiaries is significant. Some of these subsidiaries are currently loss making and a number of them are dependent on financial support mostly in the form of loans and advances from the parent for their ongoing operations (Note 31).</p> <p>Judgment is required in estimating the recoverable amounts of the investment in subsidiaries. The estimation of recoverable amounts involves making assumptions regarding the future performance of the subsidiaries, inherent uncertainty involved in preparing forecasts and discounted future cash flow projections and determining an appropriate discount rate.</p> <p>The significance of the amounts involved and the uncertainties inherent in estimating the recoverable amount makes this a key audit matter in the separate financial statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • we held inquiry sessions with management to understand the process and procedures for the identification of indicators of impairment of investment in subsidiaries. • we assessed the reasonableness of the forecasts presented for the subsidiaries with impairment triggers by comparing them with historical performance. • we checked that the impairment indicators were appropriately identified as at the reporting date based on our knowledge of the business, its operating environment and other information obtained during the audit. • we challenged management's assumptions, judgements and decisions made in the calculation of the recoverable amount by comparing them with historical performance, industry trends and future projections. • we engaged our valuation specialist to test the appropriateness of the discount rates and terminal growth rates used. • we assessed the appropriateness of the classification and disclosure in the financial statements required by IAS 36, including disclosures about sensitivities and major sources of estimation uncertainty.

2. Road Infrastructure Tax Credit	
<i>Refer to related disclosures (Note 14.2) of the consolidated and separate financial statements.</i>	
The key audit matter	How the matter was addressed in our audit
<p>The Road Infrastructure Tax Credit Scheme is a public-private partnership intervention that enables private sector companies to construct, repair, and maintain critical road infrastructure in key economic areas in Nigeria. Participants recoup their project costs and get additional benefits under the Scheme by way of tax credits that can be used to settle their company income tax liabilities.</p> <p>As at 31 December 2020, the Company had tax assets of ₦5.51 billion arising from its participation in the <i>Road Infrastructure</i></p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • we identified accounting considerations inherent in the tax credit scheme by reading the Executive order and reviewing contract documentation relating to the scheme. • we checked costs incurred under the scheme to underlying documentation. • we requested and obtained confirmation from the contractor on the status of the project and percentage of completion at the reporting date. • we recomputed the amount of benefits earned under the scheme and compared with the amounts recorded in the financial statements.



<p><i>Development and Refurbishment Investment Tax Credit ("Road Tax Credit") Scheme</i> created by Executive Order 009 of 2019 of the Federal Government of Nigeria.</p> <p>This is a key audit matter in both the consolidated and separate financial statements due to the novelty of the scheme and the complexity of accounting for costs incurred and benefits earned under the scheme.</p>	<ul style="list-style-type: none"> we assessed the appropriateness of the classification and recoverability of costs and benefits not yet utilized against the requirement of the accounting standards and the Executive Order.
---	--

3. Provision for site restoration and rehabilitation	
<i>Refer to significant accounting policies (Note 2.29.1) and related disclosures (Note 28) of the consolidated and separate financial statements.</i>	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2020, the Company has a long-term provision of ₦5.04 billion (2019: ₦1.95 billion) relating to the estimated cost of site restoration and rehabilitation, in connection with areas mined for raw materials but not yet rehabilitated.</p> <p>The provision is computed based on current cost estimates projected to the end of the life of the mine and discounted to the financial reporting date. At each reporting date the restoration and rehabilitation liabilities are reviewed and re-measured in line with changes in cost estimates based on changes in key inputs such as inflation rates, discount rates, and minable reserves.</p> <p>The provision for site restoration and rehabilitation was identified as a key audit matter in both the consolidated and separate financial statements due to the significant judgements involved in the estimation of key inputs and the inherent estimation uncertainty based on the lifespan of the mines.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> we held inquiry sessions with management to understand the procedures for the identification of relevant restoration and rehabilitation activities included in the Company's computation. we compared the listing of restoration and rehabilitation activities included in the Company's computation with the activities contained in the Environmental Protection Rehabilitation Plan (EPRP) submitted to the government. we challenged management on the significant inputs used in the computation of the estimated future restoration costs by comparing the inputs against externally derived data. we also assessed data on minable reserves and useful lives of the mines against underlying geological information; and we assessed the adequacy of the disclosures in the financial statements.

Other Matter

The consolidated and separate financial statements of Dangote Cement Plc (the "Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 26 February 2020.

Other Information

The Directors are responsible for the other information. The other information comprises the, Directors Report, Statement of Directors' Responsibilities Statement of Corporate Responsibility for the Financial Statements, Certification Pursuant to Section 60 of Investment and Securities Act, 2007 and Other National Disclosures which we obtained prior to the date of this auditors' report, but does not include the consolidated and separate financial statements and our auditor's report thereon. Other information also



include Corporate information, Chairman's Report and Audit Committee Report, together the "Outstanding reports", which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the Consolidated and separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to



the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position, statement of profit or loss and statement of comprehensive income are in agreement with the books of account and returns;

Signed:

Goodluck C. Obi, FCA
FRC/2012/ICAN/00000000442
For: KPMG Professional Services
Chartered Accountants
23 March 2021
Lagos, Nigeria



DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		Year ended 31/12/20	Year ended 31/12/19	Year ended 31/12/20	Year ended 31/12/19
		₦'million	₦'million	₦'million	₦'million
Revenue	5	1,034,196	891,671	719,945	610,247
Production cost of sales	7	(437,970)	(379,989)	(225,744)	(181,009)
Gross profit		596,226	511,682	494,201	429,238
Administrative expenses	8	(60,339)	(54,124)	(32,289)	(27,400)
Selling and distribution expenses	9	(153,719)	(160,835)	(112,919)	(109,325)
Other income	11	4,754	2,980	1,922	1,247
Impairment of financial assets		(188)	190	(3,318)	139
Profit from operating activities		386,734	299,893	347,597	293,899
Finance income	10.1	29,814	7,610	112,031	47,558
Finance costs	10.2	(43,988)	(57,673)	(28,881)	(26,037)
Share of profit from associate	18.3	750	649	-	-
Profit before tax		373,310	250,479	430,747	315,420
Income tax expense	14.1	(97,242)	(49,958)	(78,138)	(54,071)
Profit for the year		276,068	200,521	352,609	261,349
Profit for the year attributable to:					
Owners of the Company		275,080	200,935	352,609	261,349
Non-controlling Interests		988	(414)	-	-
		276,068	200,521	352,609	261,349
Earnings per share, basic and diluted (Naira)	13	16.14	11.79	20.69	15.34

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

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Profit for the year	276,068	200,521	352,609	261,349
Other comprehensive income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating net investments in foreign operations	(509)	(16,412)	-	-
Other comprehensive loss for the year, net of tax	(509)	(16,412)	-	-
Total comprehensive income for the year	275,559	184,109	352,609	261,349
Total comprehensive income for the year attributable to:				
Owners of the Company	271,787	184,304	352,609	261,349
Non-controlling Interests	3,772	(195)	-	-
	275,559	184,109	352,609	261,349

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

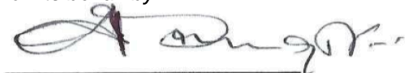
DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

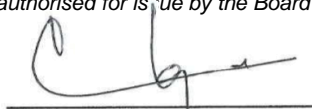
		Group		Company	
	Notes	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Assets					
Non-current assets					
Property, plant and equipment	15	1,390,687	1,206,749	551,926	545,834
Intangible assets	16	4,554	3,663	180	69
Right of use assets	17	12,594	11,956	1,164	994
Investments in subsidiaries	18.2	-	-	162,246	162,071
Investment in associate	18.3	5,711	4,961	1,582	1,582
Lease receivables	22	9,846	11,285	9,846	11,285
Deferred tax assets	14.4	11,708	44,768	-	14,356
Prepayments	19.1	37,213	51,233	19,605	5,690
Receivables from subsidiaries	31	-	-	815,463	663,113
Total non-current assets		1,472,313	1,334,615	1,562,012	1,404,994
Current assets					
Inventories	20	108,270	114,806	54,545	67,736
Trade and other receivables	21	35,194	31,093	14,829	12,700
Prepayments and other current assets	19.2	248,561	127,042	405,066	272,881
Lease receivables	22	5,249	4,266	5,249	4,266
Current tax assets	14.2	7,029	6,718	5,511	6,712
Cash and cash equivalents	32.1	145,835	123,903	68,848	55,787
Total current assets		550,138	407,828	554,048	420,082
Total assets		2,022,451	1,742,443	2,116,060	1,825,076
Liabilities					
Current liabilities					
Trade and other payables	25	349,388	285,831	140,245	130,939
Lease liabilities	33	2,073	1,409	158	-
Current tax liabilities	14.3	59,781	49,932	58,117	49,127
Financial liabilities	26	335,011	260,631	258,280	200,866
Derivatives	26.4	104	-	104	-
Other current liabilities	27.2	83,460	34,083	81,709	30,735
Total current liabilities		829,817	631,886	538,613	411,667
Non-current liabilities					
Deferred tax liabilities	14.4	122,980	93,841	117,762	89,473
Financial liabilities	26	158,908	107,279	98,577	39,700
Lease liabilities	33	7,772	7,447	130	-
Provisions	28	8,049	3,684	5,049	1,950
Deferred revenue	27.1	374	369	-	37
Employee benefit obligations	29	3,581	-	3,552	-
Total non-current liabilities		301,664	212,620	225,070	131,160
Total liabilities		1,131,481	844,506	763,683	542,827
Net assets		890,970	897,937	1,352,377	1,282,249
Equity					
Share capital	23.1	8,520	8,520	8,520	8,520
Share premium	23.1	42,430	42,430	42,430	42,430
Treasury Shares	23.3	(9,833)	-	(9,833)	-
Capital contribution	23.6	2,877	2,877	2,828	2,828
Currency translation reserve	23.5	52,681	55,974	-	-
Retained earnings		779,271	776,839	1,308,432	1,228,471
Equity attributable to owners of the company		875,946	886,640	1,352,377	1,282,249
Non-controlling interest		15,024	11,297	-	-
Total equity		890,970	897,937	1,352,377	1,282,249
Total equity and liabilities		2,022,451	1,742,443	2,116,060	1,825,076

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

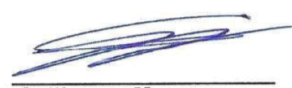
These financial statements were approved and authorised for issue by the Board of Directors on 18 March, 2021 and were signed on its behalf by:



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



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



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

DANGOTE CEMENT PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Share capital	Share premium	Treasury Shares	Retained earnings	Currency translation reserve	Capital contribution	Attributable to the owners of the parent	Non-Controlling Interests	Total equity
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Balance as at 1 January 2019	8,520	42,430	-	848,695	72,605	2,877	975,127	11,486	986,613
Profit for the year	-	-	-	200,935	-	-	200,935	(414)	200,521
Other comprehensive income for the year, net of tax	-	-	-	-	(16,631)	-	(16,631)	219	(16,412)
Total comprehensive income/(loss) for the year	-	-	-	200,935	(16,631)	-	184,304	(195)	184,109
Dividends paid	-	-	-	(272,648)	-	-	(272,648)	(137)	(272,785)
Effect of changes in subsidiary shareholding	-	-	-	(143)	-	-	(143)	143	-
Balance as at 31 December 2019	8,520	42,430	-	776,839	55,974	2,877	886,640	11,297	897,937
Balance as at 1 January 2020	8,520	42,430	-	776,839	55,974	2,877	886,640	11,297	897,937
Profit for the year	-	-	-	275,080	-	-	275,080	988	276,068
Other comprehensive income for the year, net of tax	-	-	-	-	(3,293)	-	(3,293)	2,784	(509)
Total comprehensive income for the year	-	-	-	275,080	(3,293)	-	271,787	3,772	275,559
Dividends paid	-	-	-	(272,648)	-	-	(272,648)	(45)	(272,693)
Effect of shares buy-back	-	-	(9,833)	-	-	-	(9,833)	-	(9,833)
Balance as at 31 December 2020	8,520	42,430	(9,833)	779,271	52,681	2,877	875,946	15,024	890,970

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

DANGOTE CEMENT PLC

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Company

	Share capital	Share premium	Treasury Shares	Capital contribution	Retained earnings	Total equity
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Balance as at 1 January 2019	8,520	42,430	-	2,828	1,239,770	1,293,548
Profit for the year	-	-	-	-	261,349	261,349
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	261,349	261,349
Dividends paid	-	-	-	-	(272,648)	(272,648)
Balance as at 31 December 2019	8,520	42,430	-	2,828	1,228,471	1,282,249
Balance as at 1 January 2020	8,520	42,430	-	2,828	1,228,471	1,282,249
Profit for the year	-	-	-	-	352,609	352,609
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	352,609	352,609
Dividends paid	-	-	-	-	(272,648)	(272,648)
Effect of shares buy-back	-	-	(9,833)	-	-	(9,833)
Balance as at 31 December 2020	8,520	42,430	(9,833)	2,828	1,308,432	1,352,377

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

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		Year ended 31/12/20 ₦'million	Year ended ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Cash flows from operating activities					
Profit before tax		373,310	250,479	430,747	315,420
Adjustments for:					
	15, 16 & 17				
Depreciation & amortisation		89,538	95,463	54,571	53,454
Write off & impairment of property, plant, equipment and intangible		1,850	71	-	37
Interest expense	10.2	43,971	43,829	28,881	25,701
Interest income	10.1	(13,183)	(7,610)	(41,238)	(36,713)
Net exchange loss/(gain) on borrowings and non-operating assets		(19,229)	9,841	(72,594)	(12,178)
Derivatives		104	-	104	-
Share of income from associate	18.3	(750)	(649)	-	-
Amortisation of deferred revenue	27.1	(148)	(227)	(119)	(199)
Provisions		4,365	931	3,099	640
Provision for employee benefits obligations		3,581	-	3,552	-
Other adjustments		118	-	118	-
Loss on disposal of property, plant and equipment & right of use		4	130	4	47
		483,531	392,258	407,125	346,209
Changes in working capital:					
Change in inventories		3,677	(7,942)	9,086	(7,916)
Change in trade and other receivables		(4,775)	13,375	(2,803)	(1,654)
Change in trade and other payables		51,446	69,710	(2,805)	38,557
Change in prepayments and other current assets		(51,519)	(27,159)	(42,702)	(22,600)
Change in other current liabilities		43,129	(13,593)	41,415	(19,272)
		525,489	426,649	409,316	333,324
Change in lease receivables		7,393	4,067	7,393	4,067
Income tax paid		(20,997)	(4,601)	(18,419)	(3,907)
Net cash generated from operating activities		511,885	426,115	398,290	333,484
Cash flows from Investing activities					
Interest received		8,438	6,460	5,035	2,812
Acquisition of intangible assets	16	(551)	(220)	(142)	(43)
Additional receivables from subsidiaries		-	-	(73,136)	(71,236)
Repayment by subsidiaries		-	-	10,760	13,230
Loan given to parent company		(70,000)	-	(70,000)	-
Acquisition of investment		-	-	(25)	-
Acquisition of property, plant and equipment		(210,370)	(177,042)	(71,827)	(68,982)
Additions to property, plant and equipment	15	(224,005)	(174,952)	(57,095)	(63,050)
Change in prepayments for property, plant & equipment		14,452	10,593	(13,915)	(5,690)
Net suppliers' credit repaid		(817)	(12,683)	(817)	(242)
Net cash used in investing activities		(272,483)	(170,802)	(199,335)	(124,219)
Cashflows from Financing activities					
Interest paid		(48,288)	(34,842)	(35,339)	(17,460)
Lease payment		(1,202)	(967)	(585)	(149)
Dividends paid		(272,693)	(272,785)	(272,648)	(272,648)
Loans obtained		500,786	406,933	477,406	402,478
Loans repaid		(377,861)	(393,443)	(354,728)	(374,679)
Net cash used in financing activities		(199,258)	(295,104)	(185,894)	(262,458)
Increase/(decrease) in cash and cash equivalents		40,144	(39,791)	13,061	(53,193)
Cash and cash equivalents at beginning of year		112,091	159,026	55,787	108,980
Effects of exchange rate changes		(11,196)	(7,144)	-	-
Cash and cash equivalents at end of year	32.1	141,039	112,091	68,848	55,787

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

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General Information

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

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

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

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

The consolidated financial statements for the year ended 31 December 2020 comprise the results and the financial position of the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities").

The separate financial statements of the Company for the year ended 31 December 2020 comprise those of the Company only.

2. Significant accounting policies

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

2.1 Statement of compliance

The Group and Company's financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS") that are effective at 31 December 2020 and requirements of the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

2.2 Basis of preparation

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

- Defined benefit obligations: Present value of the obligation.
 - Non-derivative financial instruments – initially at fair value and subsequently at amortized cost using effective interest rate.
 - Derivative financial instruments – measured at fair value.
 - Inventory - lower of cost and net realisable value.
 - Lease liabilities- measured at present value of future lease payments.
- Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.3 Basis of Consolidation

The Group financial statements incorporate the financial statements of the Parent Company and entities controlled by the Company and its subsidiaries made up to 31 December 2020. Control is achieved where the investor; (i) has power over the investee entity (ii) is exposed, or has rights, to variable returns from the investee entity as a result of its involvement, and (iii) can exercise some power over the investee to affect its returns.

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.3.1 Investments in subsidiaries

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

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

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

2.3.2 Transactions eliminated on consolidation

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

2.4 Interest in associates

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

2.5 Non-controlling interest

Non-controlling interest is the equity in a subsidiary or entity controlled by the Company, not attributable, directly or indirectly, to the parent company and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Total comprehensive income attributable to non-controlling interests is presented on the line "Non-controlling interests" in the statement of financial position, even if it creates negative non-controlling interests.

2.6 Acquisition of entities under common control

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

2.7 Changes in the Group's ownership interests in existing subsidiaries

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

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

2.8 Revenue

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

2.8.1 Sale of cement and related products

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

2.9 Finance income

Finance income comprises interest income on short-term deposits with banks, interest on leases, dividend income, changes in the fair value of financial instruments at fair value through profit or loss, compensation for time value of money on road infrastructure tax scheme and foreign exchange gains.

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

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

2.10 Production cost of sales

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

2.11 Finance costs

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

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

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

2.12 Foreign currency

2.12.1 Functional and presentation currency

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.12.2 Foreign currency transactions

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

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

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

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

2.12.3 Foreign operations

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

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

2.13 Property, plant and equipment

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.13.1 Depreciation

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

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

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

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

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

2.14 Intangible assets

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.14.1 Internally-generated intangible assets - research and development expenditure

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

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

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

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

2.14.2 Derecognition of intangible assets

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

2.15 Prepayments

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

2.16 Inventories

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

Cost is determined as follows:

Raw Materials

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

Work in progress

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

Finished goods

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

Spare parts and consumables

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.17 Statement of cash flows

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

2.18 Financial instruments

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

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

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

2.18.1 Financial assets

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not have debt instruments that are measured subsequently at fair value through other comprehensive income (FVTOCI).

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

2.18.2 Derecognition of financial assets

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.19 Cash and cash equivalents

The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Term deposit with tenor of 90 days or less are also included in cash and cash equivalents if they are held for short term cash commitments rather than for investment or other purposes.

2.20 Trade and other receivables

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

2.21 Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

2.22 Financial liabilities and equity instruments

Classification as debt or equity

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

2.22.1 Equity instruments

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

2.22.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.22.3 De-recognition of financial liabilities

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

2.22.4 Offsetting

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

2.22.5 Amortised cost and effective interest method

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

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

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

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

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

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

2.23 Trade and other payables

Trade and other payables are recognised when the Group and Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest rate exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.24 Impairment

2.24.1 Financial assets

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

(i) Significant increase in credit risk

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

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

2.24.2 Non-financial assets

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

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

2.25 Measurement of fair value

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

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The Group only has assets measured on re-curring basis in each reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.25.1 Derivative financial assets and liabilities fair value

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

2.26 Taxation

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

2.26.1 Current tax

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

2.26.2 Deferred tax

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

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

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

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

2.26.3 Current and deferred tax for the year

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

2.27 Government grants

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

2.28 Employee benefits

2.28.1 Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided by the employee. This includes wages, salaries, bonuses, paid annual leave, sick leave and other contributions. These benefits are expensed in the period in which the associated services are rendered by employees of the Group. A liability is recognised for the amount that is expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group ensures that each employee is paid his/her annual leave entitlement at the end of each reporting period.

2.28.2 Defined contribution plans

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Group. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.28.3 Defined benefit plans

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

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

The group provides employees with two (2) Long Service Award Benefits. The benefits are gift items, Ex-Gratia (expressed as a multiple of Monthly Basic Salary), a plaque and certificate. The liability recognised in respect of these awards is computed using actuarial methods (discounted at present value). Any resulting remeasurement gain/loss is recognised in full within other income/administrative expense in the profit or loss. Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

2.28.5 Termination benefit

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.29 Provisions

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

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

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

2.29.1 Restoration costs

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

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

2.30 Contingencies

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

2.31 Earnings per share

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

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

2.32 Leases

Leases – as a lessee

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

Leases – as a lessor

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

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

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

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

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

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

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting periods that begin on or after 1 January 2020.

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

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments did not affect the Group's Financial Statements given that it does not apply hedge accounting to its benchmark interest rate exposures.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group did not get any rent oncession as a direct resut of Covid-19.

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Definition of a business

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

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

This amendment did not have any impact on the Group's Financial Statements because there was no acquisition.

Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

This amendment did not have any impact on the Group's Financial Statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

3.2 New and revised IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above and detailed below will have a material impact on the financial statements of the Group in future periods, except as stated otherwise below:

IFRS 17 Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of the Standard is unlikely to bring significant changes entity's processes, systems and financial statements as the Group does not hold insurance contracts.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

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

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

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

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

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

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

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

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

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

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

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

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The Directors anticipate that the amendment will have an impact of the Financial Statements if such transactions occur.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards

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

IFRS 9 Financial Instruments

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

IFRS 16 Leases

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

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

4.1 Critical accounting judgements

The Group has no critical area of accounting judgements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4.2 Key sources of estimation uncertainty

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

The Group's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2020 and no adjustments done to the the remaining useful lives of assets.

4.2.2 Provision for site restoration

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

4.2.3 Uncertain tax treatments

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

4.2.4 Measurement of ECL allowance

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

4.2.5 Provisions and Contingencies

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

4.2.6 Employee benefit obligations

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

4.2.7 Impairment of investment in subsidiaries

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

4.2.7 Deferred tax asset.

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

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5	Revenue	Group		Company	
		2020 '000 tonnes	2019 '000 tonnes	2020 '000 tonnes	2019 '000 tonnes
	Cement production and bagging capacity(for the year)	48,550	45,550	29,250	29,250
	Production volume*	24,730	22,809	15,529	14,119
	Trade cement purchase*	658	516	460	-
	Decrease/(increase) in stocks*	332	358	(53)	-
	Sales volume*	25,720	23,683	15,936	14,119

* includes both cement and clinker volumes

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

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Revenue from contracts with customers				
Revenue from sales of cement and clinker	1,032,594	889,359	719,945	610,247
Revenue from sales of other products	1,602	2,312	-	-
	1,034,196	891,671	719,945	610,247

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

5.1 Information about major customers

Included in revenue arising from direct sales of cement of ₦1,032.6 billion (2019: ₦889.4 billion) is revenue of approximately ₦34.3 billion (2019: ₦29.09 billion) which arose from sales to the Group's largest customer.

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019 financial years.

6 Segment information

6.1 Products and services from which reportable segments derive their revenue

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

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

- Nigeria
 - Pan Africa
- Pan Africa consists of all operations outside Nigeria.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6.2 Segment revenue and results

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

2020

Segment Results	Nigeria ₦'million	Pan Africa ₦'million	Central Administrative costs ₦'million	Eliminations ₦'million	Total ₦'million
Revenue	719,945	318,681	-	(4,430)	1,034,196
EBITDA*	421,417	71,313	(17,000)	2,392	478,122
Depreciation, amortisation, write off and Impairment	54,605	36,803	-	(20)	91,388
Operating profit	366,812	34,510	(17,000)	2,412	386,734
Other income	1,922	2,832	-	-	4,754
Finance income	111,134	25,112	-	(106,432)	29,814
Finance costs	29,490	44,198	-	(29,700)	43,988
Income tax expense	(78,138)	(19,104)	-	-	(97,242)
Profit/(loss) after tax	370,317	(81,120)	(17,000)	3,871	276,068

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

Segment Assets & Liabilities

Non-current assets	1,789,626	689,668	-	(1,006,981)	1,472,313
Current assets	565,909	210,812	-	(226,583)	550,138
Total Assets	2,355,535	900,480	-	(1,233,564)	2,022,451
Segment liabilities	1,004,656	1,168,038	-	(1,041,213)	1,131,481
Net additions to non-current assets, excluding deferred tax	282,238	45,219	-	(156,699)	170,758

2019

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

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

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Segment Results	Central Administrative costs				Total
	Nigeria	Pan Africa	costs	Eliminations	
	₦'million	₦'million	₦'million	₦'million	₦'million
Non-current assets	1,521,744	663,153	-	(850,282)	1,334,615
Current assets	420,081	180,599	-	(192,852)	407,828
Total Assets	1,941,825	843,752	-	(1,043,134)	1,742,443
Segment liabilities	661,452	1,035,922	-	(852,868)	844,506
Net additions to non-current assets, excluding deferred tax	192,461	(25,970)	-	(101,647)	64,844

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

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

	Group	
	Year ended 31/12/20	Year ended 31/12/19
	₦'million	₦'million
EBITDA	478,122	395,427
Depreciation and amortisation and impairment	(91,388)	(95,534)
Profit from operating activities	386,734	299,893
Finance income	29,814	7,610
Finance cost	(43,988)	(57,673)
Share of profit from associates	750	649
Profit before tax	373,310	250,479
Income tax credit/(expense)	(97,242)	(49,958)
Profit after tax	276,068	200,521

Non current assets by country excluding deferred tax

	2020	2019
	₦'million	₦'million
Nigeria	1,789,626	1,507,388
South Africa	71,951	62,513
Senegal	92,694	81,317
Zambia	45,000	62,486
Ethiopia	62,256	72,646
Tanzania	169,836	160,216
Congo	102,711	93,459
Cameroon	49,018	40,582
Ghana	15,855	12,263
Sierra Leone	15,472	14,974
Cote d'Ivoire	49,393	28,232

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Significant revenue by country (external customers)

Nigeria	719,945	610,247
Ghana	16,942	18,335
South Africa	52,698	46,372
Ethiopia	58,066	53,891
Zambia	26,149	24,670
Tanzania	37,885	38,539
Senegal	46,932	38,304
Cameroon	57,270	45,675
Sierra Leone	10,297	7,880
Congo	12,440	7,658

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

6.3 Eliminations and Adjustments

Elimination and Adjustments relate to the following:

- Profit/(loss) after tax of ₦3.87 billion (2019: ₦24.3 billion) is due to elimination of interest on inter-company loan, trading activities and exchange differences reclassified to other comprehensive income.
- Non-current assets of ₦1,007 billion (2019: ₦850.3 billion) is due to the elimination of investment in subsidiaries with the parent's share of their equity and non current inter-company payable and receivable balances.
- Current assets of ₦226.6 billion (2019: ₦192.9 billion) is due to the elimination of current inter-company payable and receivable balances.
- Total liabilities of ₦1,041.2 billion (2019: ₦852.9 billion) are due to the elimination of inter-company due to and due from subsidiaries.
- Finance income of N106.4 billion (2019: ₦43.6 billion) and finance cost of ₦29.7 billion (2019: ₦65.4 billion) is due to the elimination of interest on inter-company loan and exchange differences reclassified to other comprehensive income.
- Revenue of ₦4.4 billion (2019: ₦1.3 billion) represents sales by the Nigeria region to the Pan Africa regions while 2019 amount represents sales between entities within the Pan Africa region.

In addition to the depreciation and amortisation reported above, a sum of ₦1.8 billion (2019: ₦71 million) in the financial statements represents write off in respect of property, plant and equipment in Pan Africa.

7. Production cost of sales

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Material consumed	134,910	117,239	51,070	40,308
Fuel & power consumed	146,342	122,851	85,611	69,901
Royalty*	1,270	1,817	636	712
Salaries and related staff costs	37,020	32,955	21,038	17,605
Depreciation & amortization	64,946	65,254	38,387	36,593
Plant maintenance	30,706	28,766	16,867	10,954
Other production expenses	15,670	7,750	7,406	4,042
Decrease in finished goods and work in progress	7,106	3,357	4,729	894
	437,970	379,989	225,744	181,009

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

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8. Administrative expenses

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Salaries and related staff costs	16,086	12,853	9,920	6,797
Corporate social responsibility	3,793	2,572	3,381	2,185
Management fee (refer to (a) below)	5,311	3,997	5,311	3,997
Depreciation and amortisation	6,235	6,359	2,369	2,377
Auditors' remuneration (refer to (b) below)	695	561	420	319
Directors' remuneration	1,491	841	1,478	822
Rent, rate and insurance	5,211	6,578	2,379	1,756
Repairs and maintenance	1,372	1,637	1,025	1,297
Travel expenses	2,107	2,445	993	973
Bank charges	2,296	1,948	943	569
Professional and consultancy fees	2,878	2,607	1,342	1,456
Security expenses	2,015	1,523	908	633
Janitorial and Office Cleaning	1,064	1,004	699	588
General administrative expenses	3,097	5,974	629	2,479
Others*	3,861	3,154	492	1,115
Impairment of non-financial assets	2,827	71	-	37
	60,339	54,124	32,289	27,400

* The amounts of others reported in 2019 have been broken out into Security expenses and Janitorial and Office Cleaning to aid understandability and comparability.

(a) The management fee is charged by Dangote Industries Limited for management and corporate services provided to Dangote Cement Plc. It is an apportionment of DIL shared-service cost to DCP plus mark-up.

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

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Audit fees	524	476	249	255
Non audit fees:				
Limited review of quarterly financial statements*	8	45	8	24
Sustainability and controls review*	-	40	-	40
Technical support services	113	-	113	-
Regulatory compliance and advisory services	50	-	50	-
	695	561	420	319

* This was paid to the joint external auditors, Deloitte & Touche for 2019 and KPMG for 2020.

Other employee related disclosures

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Aggregate payroll costs:				
Wages, salaries and staff welfare	69,179	60,603	43,164	35,653
Pension costs	3,073	2,181	1,251	1,259
	72,252	62,784	44,415	36,912

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Full time employees remunerated at higher rate excluding allowances:

		2020 Number	2019 Number	2020 Number	2019 Number
₦	₦				
Up to	250,000	5,965	7,389	5,331	7,107
250,001 -	500,000	2,662	3,755	2,372	3,274
500,001 -	750,000	1,042	785	935	541
750,001 -	1,000,000	2,844	2,069	2,754	1,965
1,000,001 -	1,250,000	518	918	424	780
1,250,001 -	1,500,000	273	345	230	279
1,500,001 -	2,000,000	376	588	315	484
2,000,001 and above		1,798	965	408	547
		15,478	16,814	12,769	14,977

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

Management	576	509	362	386
Non-management	15,623	15,736	13,125	14,023
	16,199	16,245	13,487	14,409

Chairman's and Directors' remuneration

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Directors' remuneration comprises:				
Emoluments	1,491	841	1,478	822
	1,491	841	1,478	822
Chairman	49	49	49	49
Highest paid Director	448	109	448	109

Number of Directors whose emoluments were within the following ranges:

	2020 Number	2019 Number	2020 Number	2019 Number
₦				
1 - 20,000,000	3	-	3	-
Above 20,000,000	13	15	13	15
	16	15	16	15

9. Selling and distribution expenses

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Salaries and related staff costs	19,146	16,976	13,457	12,510
Depreciation	18,357	23,850	13,815	14,484
Advertisement and promotion	12,178	8,597	11,187	7,822
Haulage expenses	98,954	107,176	69,757	70,725
Others	5,084	4,236	4,703	3,784
	153,719	160,835	112,919	109,325

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Finance income and finance costs

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
10.1 Finance income:				
Interest income	13,183	7,610	41,238	36,713
Others - foreign exchange gain	16,631	-	70,793	10,845
	29,814	7,610	112,031	47,558
10.2 Finance costs:				
Interest expenses*	46,002	46,399	29,888	25,701
Less: amounts included in the cost of qualifying assets (Note 15)	(2,031)	(2,570)	(1,007)	-
	43,971	43,829	28,881	25,701
Foreign exchange loss	-	13,481	-	-
Other finance costs	17	363	-	336
	43,988	57,673	28,881	26,037

The average effective interest rate on funds borrowed generally is 9.67% and 8.52% per annum for Group and Company respectively. (2019: 10.87% per annum for Group and 10.68% per annum for Company).

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

* The amount of Interest expenses reported in 2019 have been broken out into amounts included in the cost of qualifying assets to aid comparability.

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

Currency	2020		2019	
	Average rate	Year end rate	Average rate	Year end rate
South African Rand to Naira	21.9525	26.0800	21.2258	21.7100
Central Africa Franc to Naira	0.6734	0.7468	0.6171	0.6241
Ethiopian Birr to Naira	10.9592	10.0171	12.4157	11.4671
Zambian Kwacha to Naira	20.8126	18.9371	27.9562	26.0036
Tanzanian Shilling to Naira	0.1664	0.1730	0.1571	0.1590
Ghanaian Cedi to Naira	67.3897	68.9036	67.3690	64.1039
United States dollar to Naira	384.6475	400.3300	361.8400	364.7000

11. Other income

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Insurance claims	1,321	610	1,148	126
Government grant	148	227	119	199
Sundry income	3,285	2,143	655	922
	4,754	2,980	1,922	1,247

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12 Profit before tax

Profit before tax includes the following charges:

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Depreciation of property, plant and equipment and right of use asset	89,225	94,896	54,540	53,432
Amortisation of intangible assets	313	567	31	22
Auditors' remuneration	695	561	420	319
Employee benefits expenses	72,252	62,784	44,415	36,912
Loss on disposal of property, plant and equipment	4	130	4	47
Lease rental expenses	985	1,577	246	373
Directors emoluments	1,491	841	1,478	822
Write off of non financial assets	1,850	71	-	37
Foreign exchange gain/(loss)	16,631	(13,481)	70,793	10,845
Management service fee	5,311	3,997	5,311	3,997

13 Earnings per share

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

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Profit for the year attributable to owners of the Company	275,080	200,935	352,609	261,349
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	17,040	17,041	17,040	17,041
Basic & diluted earnings per share (Naira)	16.14	11.79	20.69	15.34

14. Income taxes

14.1 Income tax expense recognised in profit or loss

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Current tax				
Current year	(58,353)	(48,466)	(55,781)	(47,013)
Changes in estimates related to prior year	20,288	2,587	20,288	2,587
	(38,065)	(45,879)	(35,493)	(44,426)
Deferred tax				
Origination and reversal of temporary differences	(38,889)	(5,876)	(22,357)	(11,442)
Previously unrecognised temporary difference relating to prior year	(20,288)	1,797	(20,288)	1,797
	(59,177)	(4,079)	(42,645)	(9,645)
Total income tax expense recognised in the current year	(97,242)	(49,958)	(78,138)	(54,071)

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

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Profit before tax	373,310	250,479	430,747	315,420
Income tax expense calculated at 30% (2019: 30%)	(111,993)	(75,144)	(129,224)	(94,626)
Education Tax	(7,426)	(4,464)	(7,426)	(4,464)
Effect of tax holiday and income that is exempt from taxation	18,934	58,434	15,057	58,273
Effect of expenses that are not deductible in determining taxable profit	(497)	(180)	(248)	(172)
Effect of previously recognised temporary difference now derecognised as deferred tax assets.	(13,533)	1,770	-	-
Effect of deferred tax not recognised on net investment exchange gains	17,800	4,515	16,897	1,753
Effect of prior year over provision	20,288	4,384	20,288	4,384
Effect of Investment Allowance	6,080	417	6,080	417
Effect of income taxed at different rates	1,823	241	1,823	241
Effect of Commencement rule	-	(20,617)	-	(20,617)
Effect of unused tax losses and offsets not recognised as deferred tax assets	(28,028)	(21,697)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	801	1,439	-	-
Other	(1,491)	944	(1,385)	740
Income tax expense recognised in profit or loss	(97,242)	(49,958)	(78,138)	(54,071)

The income tax rate of 30% was used for the company income tax computation as established by the tax legislation of Nigeria effective in 2020 and 2019. The income tax rate in South Africa is 28%, in Cameroon, 38.5% and 35% in Zambia.

14.2 Current tax assets

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Balance at beginning of the year	6,718	6,213	6,712	6,211
Charge for the year	(10)	7	-	-
Payments during the year	1,664	(48)	-	-
Road infrastructure tax credit	5,511	501	5,511	501
Tax credit utilised to offset current tax payable	(6,712)	-	(6,712)	-
Effect of currency exchange difference	(142)	45	-	-
Balance at the end of the year	7,029	6,718	5,511	6,712

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14.3 Current tax liabilities

	Group		Company	
	31/12/20	31/12/19	31/12/20	31/12/19
	₦'million	₦'million	₦'million	₦'million
Balance at beginning of the year	49,932	9,223	49,127	8,608
Charge for the year	38,055	45,886	35,493	44,426
Payments during the year	(19,333)	(4,649)	(18,419)	(3,907)
Withholding tax credit and grant utilized	(1,372)	-	(1,372)	-
Tax credit utilised to offset current tax liabilities	(6,712)	-	(6,712)	-
Effect of currency exchange difference	(789)	(528)	-	-
Balance at the end of the year	59,781	49,932	58,117	49,127

14.4 Deferred tax balance

	Group		Company	
	31/12/20	31/12/19	31/12/20	31/12/19
	₦'million	₦'million	₦'million	₦'million
Deferred tax assets	11,708	44,768	-	14,356
Deferred tax liabilities	(122,980)	(93,841)	(117,762)	(89,473)
Net deferred tax assets/(liabilities)	(111,272)	(49,073)	(117,762)	(75,117)

Group

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

2019	Opening balance	Recognised in profit or loss	Effect of currency translation	Net closing balance	Deferred tax assets	Deferred tax liabilities
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Deferred tax assets /(liabilities) in relation to:						
Property, plant & equipment	(55,161)	(34,562)	(2,082)	(91,805)	-	(96,429)
Unrealised exchange gains	(7,777)	(5,004)	(1,434)	(14,215)	3,432	(11,841)
Provision	390	8,856	(13)	9,233	9,576	(6)
Tax losses	19,820	26,631	1,263	47,714	46,390	(195)
Deferred tax assets/(liabilities) before set-off					59,398	(108,471)
Set-off of tax					(14,630)	14,630
Net tax assets/liabilities	(42,728)	(4,079)	(2,266)	(49,073)	44,768	(93,841)

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Company

2020

Deferred tax liabilities in relation to:

	Net opening balance ₦'million	Recognise in profit or loss ₦'million	Net closing balance ₦'million
Property, plant & equipment	(64,558)	(41,390)	(105,948)
Unrealised exchange gains	(11,841)	(2,571)	(14,412)
Employee benefits obligations	-	1,066	1,066
Provision	1,282	599	1,881
Right of use assets	-	(349)	(349)
	(75,117)	(42,645)	(117,762)

2019

Deferred tax assets /(liabilities) in

	Net opening balance ₦'million	Recognise in profit or loss ₦'million	Net closing balance ₦'million
Property, plant & equipment	(57,516)	(7,042)	(64,558)
Unrealised exchange gains	(8,658)	(3,183)	(11,841)
Provision	702	580	1,282
	(65,472)	(9,645)	(75,117)

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

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

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Tax losses	77,295	48,918	-	-
Deductible temporary differences	(5,558)	8,795	-	-
	71,737	57,713	-	-

The unrecognised tax credits will expire as follows:

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Year 1	2,981	3,926	-	-
Year 2	12,549	1,629	-	-
Year 3	6,420	1,740	-	-
Year 4	10,186	-	-	-
Year 5	-	-	-	-
After Year 5	-	-	-	-
No expiry date	39,601	50,418	-	-
	71,737	57,713	-	-

Deferred tax liability amounting to ₦34.7 billion (2019: ₦29.2 billion) for both Group and Company was not recognised in this financial statements. This relates to exchange on inter-company loans classified as part of the net investment in subsidiaries.

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15 Property, plant and equipment

15.1 The Group

	Leasehold improvements and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-In- progress ₦'million	Total ₦'million
Cost							
At 1 January 2019	229,359	1,059,518	167,520	4,028	10,425	120,113	1,590,963
Additions	1,557	4,353	5,996	-	293	162,753	174,952
Reclassifications	(3,077)	13,001	40,183	-	810	(50,917)	-
Transfers (Note 15.1.1)	-	(351)	-	-	-	(27,690)	(28,041)
Disposal	-	(67)	(770)	-	-	-	(837)
Write-off	-	-	-	-	(1)	(70)	(71)
Effect of foreign currency exchange rates differences	(3,510)	(18,373)	(5,091)	-	(113)	(24)	(27,111)
Balance at 31 December 2019	224,329	1,058,081	207,838	4,028	11,414	204,165	1,709,855
Reclassification (Note 15.1.2)	-	-	10,537	-	-	(10,537)	-
Restated balance at 1 January 2020	224,329	1,058,081	218,375	4,028	11,414	193,628	1,709,855
Additions	1,640	50,232	1,975	-	583	169,575	224,005
Reclassifications	18,265	58,488	25,642	-	626	(103,021)	-
Transfers (Note 15.1.1)	-	(85)	-	-	-	472	387
Disposal	-	(63)	(7,098)	-	-	-	(7,161)
Write-off	(255)	-	(18)	-	(6)	(88)	(367)
Effect of foreign currency exchange rates differences	18,020	26,568	3,371	-	527	8,740	57,226
Balance at 31 December 2020	261,999	1,193,221	242,247	4,028	13,144	269,306	1,983,945
Accumulated depreciation and impairment							
At 1 January 2019	33,964	257,769	120,770	1,923	4,673	-	419,099
Depreciation expense	8,635	50,015	32,882	403	1,233	-	93,168
Transfers (Note 15.1.1)	-	59	-	-	-	-	59
Disposal	-	(20)	(770)	-	-	-	(790)
Effect of foreign currency exchange rates differences	(612)	(3,784)	(3,982)	-	(52)	-	(8,430)
Balance at 31 December 2019	41,987	304,039	148,900	2,326	5,854	-	503,106
At 1 January 2020	41,987	304,039	148,900	2,326	5,854	-	503,106
Depreciation expense	9,189	49,391	27,132	403	1,359	-	87,474
Transfers (Note 15.1.1)	-	172	-	-	-	-	172
Disposal	-	(63)	(7,094)	-	-	-	(7,157)
Write off	(255)	-	100	-	(4)	-	(159)
Effect of foreign currency exchange rates differences	2,672	5,893	1,033	-	224	-	9,822
Balance at 31 December 2020	53,593	359,432	170,071	2,729	7,433	-	593,258
Carrying amounts:							
At 1 January 2019	195,395	801,749	46,750	2,105	5,752	120,113	1,171,864
Restated balance at 31 December 2019	182,342	754,042	69,475	1,702	5,560	193,628	1,206,749
At 31 December 2020	208,406	833,789	72,176	1,299	5,711	269,306	1,390,687

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

15.1.2 Opening balances of motor vehicles and capital work in progress(CWIP) were reclassified to recognise movement from CWIP to motor vehicles in 2019.

15.1.3 Borrowing cost capitalised to property, plant and equipment for the Group was ₦2.03 billion (2019: ₦2.57) calculated at an average interest rate of 7.5%

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15. Property, plant and equipment

15.2 The Company

	Leasehold improvement and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-In- progress ₦'million	Total ₦'million
Cost							
At 1 January 2019	51,430	620,308	91,899	4,028	3,501	42,491	813,657
Additions	-	2,161	2,966	-	14	57,909	63,050
Reclassifications	857	12,718	40,175	-	609	(54,359)	-
Transfers (Note 15.2.1)	-	-	-	-	-	(288)	(288)
Disposal	-	(67)	(770)	-	-	-	(837)
Write-off	-	-	-	-	-	(37)	(37)
Balance at 31 December 2019	52,287	635,120	134,270	4,028	4,124	45,716	875,545
Reclassification (Note 15.2.3)	-	-	10,537	-	-	(10,537)	-
Restated balance at 1 January 2020	52,287	635,120	144,807	4,028	4,124	35,179	875,545
Additions	-	786	722	-	30	55,557	57,095
Reclassifications	18,056	7,211	25,379	-	398	(51,044)	-
Transfers (Note 15.2.1)	-	(554)	-	-	-	3,392	2,838
Disposal	-	(63)	(6,206)	-	-	-	(6,269)
Balance at 31 December 2020	70,343	642,500	164,702	4,028	4,552	43,084	929,209
Accumulated depreciation							
Balance at 1 January 2019	13,626	180,678	79,346	1,923	2,150	-	277,723
Depreciation expense	2,084	29,284	20,394	403	613	-	52,778
Disposal	-	(20)	(770)	-	-	-	(790)
Balance at 31 December 2019	15,710	209,942	98,970	2,326	2,763	-	329,711
At 1 January 2020	15,710	209,942	98,970	2,326	2,763	-	329,711
Depreciation expense	2,382	29,700	20,667	403	685	-	53,837
Disposal	-	(63)	(6,202)	-	-	-	(6,265)
Balance at 31 December 2019	18,092	239,579	113,435	2,729	3,448	-	377,283
Carrying amounts:							
At 1 January 2019	37,804	439,630	12,553	2,105	1,351	42,491	535,934
Restated balance at 31 December 2019	36,577	425,178	45,837	1,702	1,361	35,179	545,834
At 31 December 2020	52,251	402,921	51,267	1,299	1,104	43,084	551,926

15.2.1 Represents amount transferred to and from vendor's account and inventory.

15.2.2 During the reporting year, no item of property, plant and equipment was temporarily idle.

15.1.3 Opening balances of motor vehicles and capital work in progress(CWIP) were reclass to recognise movement from CWIP to motor vehicles in 2019.

15.1.4 Borrowing cost capitalised to property, plant and equipment for the Group was ₦1.0 billion (2019: Nil) calculated at an average interest rate of 6.4%

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

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15.3 Capital work in progress

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

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Closing capital work in progress is analysed as follows:				
Leasehold improvements and buildings	9,039	9,978	8,180	8,470
Plant and machinery	243,488	170,698	18,720	14,486
Motor vehicles	15,407	22,256	14,828	21,719
Furniture & equipment	1,372	1,233	1,356	1,041
	269,306	204,165	43,084	45,716

16 Intangible assets

16.1 The Group

	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
Cost			
At 1 January 2019	4,740	4,345	9,085
Additions	103	117	220
Transfers (Note 16.1.1)	-	(1,991)	(1,991)
Effect of foreign currency exchange rates differences	(194)	(47)	(241)
Balance at 31 December 2019	4,649	2,424	7,073
At 1 January 2020	4,649	2,424	7,073
Additions	253	298	551
Transfers (Note 16.1.1)	-	851	851
Write off	(36)	(1,606)	(1,642)
Effect of foreign currency exchange rates differences	505	1,358	1,863
Balance at 31 December 2020	5,371	3,325	8,696
Amortization			
At 1 January 2019	2,893	223	3,116
Amortization expense	464	103	567
Transfers (Note 16.1.1)	-	(238)	(238)
Effect of foreign currency exchange rates differences	(27)	(8)	(35)
Balance at 31 December 2019	3,330	80	3,410
At 1 January 2020	3,330	80	3,410
Amortization expense	253	60	313
Transfers (Note 16.1.1)	-	(143)	(143)
Effect of foreign currency exchange rates differences	297	265	562
Balance at 31 December 2020	3,880	262	4,142
Carrying amounts:			
At 1 January 2019	1,847	4,122	5,969
At 31 December 2019	1,319	2,344	3,663
At 31 December 2020	1,491	3,063	4,554

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

Amortisation of intangible assets is included in note 7 and note 8.

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

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

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16.2 The Company

	Computer software ₦'million	Total ₦'million
Cost		
At 1 January 2019	1,354	1,354
Additions	43	43
Balance at 31 December 2019	<u>1,397</u>	<u>1,397</u>
At 1 January 2020	1,397	1,397
Additions	142	142
Balance at 31 December 2020	<u>1,539</u>	<u>1,539</u>
Amortization		
At 1 January 2019	1,306	1,306
Amortization expense	22	22
Balance at 31 December 2019	<u>1,328</u>	<u>1,328</u>
At 1 January 2020	1,328	1,328
Amortization expense	31	31
Balance at 31 December 2020	<u>1,359</u>	<u>1,359</u>
Carrying amounts:		
At 1 January 2019	48	48
At 31 December 2019	<u>69</u>	<u>69</u>
At 31 December 2020	<u>180</u>	<u>180</u>

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

Amortisation of intangible assets is included in note 7 and note 8.

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

17. Right of use assets

	Group		Company	
	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/20 ₦'million	Year ended 31/12/19 ₦'million
Amounts recognised in profit or loss				
Depreciation expense on right-of-use assets	1,751	1,728	703	654
Interest expense on lease liabilities	654	985	27	-
Expense relating to short-term leases	331	592	219	373

At 31 December 2020, the Group is committed to ₦1.06 billion (2019: ₦536.95 million) for short-term leases.

All payments for lease are fixed.

The total cash outflow for leases amount to ₦1.96 billion (2019: ₦1.95 billion)

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Right of use assets Contd

17.1 The Group

	Land and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Total ₦'million
Cost				
Recognised on 1 January 2019	9,131	283	1,129	10,543
Additions	386	86	90	562
Transfers (Note 17.1.1)	3,082	-	-	3,082
Disposal	-	(72)	(98)	(170)
Effect of foreign currency exchange rates differences	(270)	7	26	(237)
Balance at 31 December 2019	12,329	304	1,147	13,780
At 1 January 2020	12,329	304	1,147	13,780
Additions	993	613	37	1,643
Transfers (Note 17.1.1)	(48)	-	-	(48)
Effect of foreign currency exchange rates differences	634	177	238	1,049
Balance at 31 December 2020	13,908	1,094	1,422	16,424
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Depreciation expense	1,135	204	389	1,728
Transfers (Note 17.1.1)	196	-	-	196
Disposal	-	(72)	(15)	(87)
Effect of foreign currency exchange rates differences	(25)	3	9	(13)
Balance at 31 December 2019	1,306	135	383	1,824
At 1 January 2020	1,306	135	383	1,824
Depreciation expense	1,241	257	253	1,751
Effect of foreign currency exchange rates differences	54	76	125	255
Balance at 31 December 2020	2,601	468	761	3,830
Carrying amounts:				
At 1 January 2019	9,131	283	1,129	10,543
At 31 December 2019	11,023	169	764	11,956
Balance at 31 December 2020	11,307	626	661	12,594

The Group leases several assets including cement depots, residential apartments, trucks, trailers, fleet vehicles, forklifts and land. The average lease term is 18.9 years (2019: 20.4 years)

Approximately 38 (2019: 7) of the leases for the Group expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets.

17.1.1 Represents amount of operating lease reclassified to property, plants and equipment.

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17.2 The Company

	Land and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Total ₦'million
Cost				
Recognised on 1 January 2019	1,499	-	-	1,499
Additions	149	-	-	149
Balance at 31 December 2019	1,648	-	-	1,648
At 1 January 2020	1,648	-	-	1,648
Additions	873	-	-	873
Balance at 31 December 2020	2,521	-	-	2,521
Accumulated depreciation				
Balance at 1 January 2019	-	-	-	-
Depreciation expense	654	-	-	654
Balance at 31 December 2019	654	-	-	654
At 1 January 2020	654	-	-	654
Depreciation expense	703	-	-	703
Balance at 31 December 2020	1,357	-	-	1,357
Carrying amounts:				
At 1 January 2019	1,499	-	-	1,499
At 31 December 2019	994	-	-	994
Balance at 31 December 2020	1,164	-	-	1,164

The Company leases several assets including cement depots, residential apartments. The average lease term is 2.66 years (2019: 2.83 years).

Approximately 33 of the 69 (2019: 4 of the 55) leases expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets. This resulted in additions to right-of-use assets of ₦873 million (2019: ₦149.09 million).

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Information regarding subsidiaries and associate

18.1 Subsidiaries

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

	Principal Activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/20	31/12/19
Direct subsidiaries				
Dangote Cement South Africa (Pty) Limited	Cement production	South Africa	64.00%	64.00%
Dangote Industries (Ethiopia) Plc	Cement production	Ethiopia	99.97%	99.97%
Dangote Cement Zambia Limited	Cement production	Zambia	99.96%	99.96%
Dangote Cement Senegal S.A	Cement production	Senegal	99.99%	99.99%
Dangote Cement Cameroun S.A	Cement Grinding	Cameroun	99.97%	99.97%
Dangote Mines Limited, Tanzania	Cement production	Tanzania	99.70%	99.70%
Dangote Cement Congo S.A	Cement production	Congo	100.00%	100.00%
	Bagging and distribution of cement	Sierra Leone	99.60%	99.60%
Dangote Cement (Sierra Leone) Limited	Cement Grinding	Cote D'Ivoire	80.00%	80.00%
Dangote Cement Cote D'Ivoire S.A	Cement Grinding	Gabon	80.00%	80.00%
Dangote Industries Gabon S.A	Bagging and distribution of cement	Ghana	100.00%	100.00%
Dangote Cement Ghana Limited	Bagging and distribution of cement	Liberia	100.00%	100.00%
Dangote Cement - Liberia Ltd.	Selling and distribution of cement	Burkina Faso	95.00%	95.00%
Dangote Cement Burkina Faso S.A	Selling and distribution of cement	Chad	95.00%	95.00%
Dangote Cement Chad S.A	Selling and distribution of cement	Mali	95.00%	95.00%
Dangote Cement Mali S.A	Selling and distribution of cement	Niger	95.00%	95.00%
Dangote Cement Niger SARL	Selling and distribution of cement	Benin	98.00%	98.00%
Dangote Industries Benin S.A	Selling and distribution of cement	Togo	90.00%	90.00%
Dangote Cement Togo S.A	Cement production	Kenya	90.00%	90.00%
Dangote Cement Kenya Limited	Limestone mining	Kenya	90.00%	90.00%
Dangote Quarries Kenya Limited	Cement production	Madagascar	95.00%	95.00%
Dangote Cement Madagascar Limited	Cement production	Mozambique	95.00%	95.00%
Dangote Quarries Mozambique Limitada	Cement production	Nepal	100.00%	100.00%
Dangote Cement Nepal Pvt. Limited	Investment holding	Zimbabwe	90.00%	90.00%
Dangote Zimbabwe Holdings (Private) Limited	Cement production	Zimbabwe	90.00%	90.00%
Dangote Cement Zimbabwe (Private) Limited	Power production	Zimbabwe	90.00%	90.00%
Dangote Energy Zimbabwe (Private) Limited	Coal production	Zimbabwe	90.00%	90.00%
Dangote Mining Zimbabwe (Private) Limited	Cement production	Guinea	95.00%	95.00%
Dangote Cement Guinea SA	Cement production	D.R. Congo	98.00%	98.00%
Cimenterie Obajana Sprl- D.R. Congo	Cement production	Nigeria	99.00%	99.00%
Itori Cement Plc.	Cement production	Nigeria	99.00%	99.00%
Okpella Cement Plc.	Cement Grinding	Ghana	99.00%	99.00%
Dangote Takoradi Cement Production Limited	Cement Grinding	Cameroun	90.00%	90.00%
Dangote Cement Yaounde	Cement production	D.R. Congo	99.00%	99.00%
Dangote Cement Congo D.R. S.A	Cement production	Nigeria	90.00%	90.00%
DCP Cement Limited	Cement production	Tanzania	99.70%	99.70%
Dangote Cement Limited, Tanzania	Contracting Services	Tanzania	99.70%	99.70%
Dangote Contracting Services Limited, Tanzania	Limestone mining	Niger	88.00%	88.00%
Dangote Mining Niger S.A	Manufacturing of ceramics products	Nigeria	99.00%	99.00%
Dangote Ceramics Limited				

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Indirect Subsidiaries

Dangote Cement South Africa (Pty) Limited Subsidiaries

Sephaku Development (Pty) Ltd	Mining right holder	South Africa	85.00%	85.00%
Sephaku Delmas Properties (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Blue Waves Properties 198 (Pty) Ltd	Exploration	South Africa	100.00%	100.00%
Sephaku Enterprise Development (Pty) Ltd	Cement production	South Africa	100.00%	100.00%
Dangote Dwaalboom mining (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Beneficial Ingenuity (Pty) Limited	Investment holding	South Africa	80.00%	80.00%

Indirect Subsidiaries

Beneficial Ingenuity (Pty) Limited Subsidiary

Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	52.00%	52.00%
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Dangote Cement Zambia Limited

Dangote Quarries (Zambia) Limited	Limestone mining	Zambia	99.997%	99.997%
Dangote Fuels Zambia Limited	Selling and distribution of fuels	Zambia	99.00%	99.00%

Dangote Cement Nepal Pvt. Limited subsidiary

Birat Cement Pvt. Limited	Cement production and	Nepal	100.00%	100.00%
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18.2 Investments in subsidiaries

	Group		Company	
	31/12/20	31/12/19	31/12/20	31/12/19
	₦'million	₦'million	₦'million	₦'million
Dangote Cement South Africa (Pty) Limited	-	-	27,922	27,922
Dangote Industries (Ethiopia) Plc	-	-	40,036	40,036
Dangote Cement Zambia Limited	-	-	106	106
Dangote Cement Senegal S.A	-	-	64,782	64,782
Dangote Cement Cameroun S.A	-	-	15,160	15,160
Dangote Cement Ghana Limited	-	-	135	-
Dangote Mines Limited, Tanzania	-	-	13,851	13,851
Dangote Cement Congo S.A	-	-	3	3
Dangote Cement (Sierra Leone) Limited	-	-	18	18
Dangote Cement Cote D'Ivoire S.A	-	-	16	16
Dangote Industries Gabon S.A	-	-	31	6
Dangote Cement Burkina faso SA	-	-	3	3
Dangote Cement Chad SA	-	-	3	3
Dangote Cement Mali SA	-	-	3	3
Dangote Cement Niger SARL	-	-	7	5
Dangote Industries Benin S.A.	-	-	3	3
Dangote Cement Togo S.A.	-	-	5	5
Dangote Takoradi Cement Production Limited	-	-	141	141
Dangote Cement Madagascar Limited	-	-	2	2
Dangote Cement Congo D.R. S.A	-	-	6	6
Itori Cement Plc.	-	-	1	-
Okpella Cement Plc.	-	-	1	-
DCP Cement Limited	-	-	1	-
Dangote Ceramics Limited	-	-	10	-
Dangote Mining Niger S.A	-	-	-	-
Dangote Cement - Liberia Ltd.	-	-	-	-
Dangote Cement Kenya Limited	-	-	-	-
Dangote Quarries Kenya Limited	-	-	-	-
Dangote Quarries Mozambique Limitada	-	-	-	-
Dangote Cement Nepal Pvt. Ltd.	-	-	-	-
Dangote Zimbabwe Holdings (Private) Limited	-	-	-	-
Dangote Cement Zimbabwe (Private) Limited	-	-	-	-
Dangote Energy Zimbabwe (Private) Limited	-	-	-	-
Dangote Mining Zimbabwe (Private) Limited	-	-	-	-
Dangote Cement Guinea SA	-	-	-	-
Cimenterie Obajana Sprl- D.R. Congo	-	-	-	-
Dangote Cement Yaounde	-	-	-	-
Dangote Cement Limited, Tanzania	-	-	-	-
Dangote Contracting Services Limited, Tanzania	-	-	-	-
	-	-	162,246	162,071

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18.3 Investment in associate

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Societe des Ciments d' Onigbolo	1,582	1,582	1,582	1,582
Accumulated share of profit	3,379	2,730	-	-
	4,961	4,312	1,582	1,582
Current year share of profit	750	649	-	-
	5,711	4,961	1,582	1,582

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

18 Information regarding subsidiaries and associate (Cont'd.)

18.4 Composition of the Group

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

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2020	2019
Cement production	Congo	1	1
Bagging and distribution of cement	Liberia	1	1
Selling and distribution of cement	Senegal	-	1
Bagging and distribution of cement	Ghana	1	1
Cement production	Nepal	1	1

Principal activity	Place of incorporation and operation	Number of non- wholly-owned subsidiaries	
		2020	2019
Cement production	South Africa	1	1
Cement production	Ethiopia	1	1
Cement production	Zambia	1	1
Cement production	Senegal	1	1
Cement Grinding	Cameroun	2	2
Cement production	Tanzania	2	2
Contracting Services	Tanzania	1	1
Bagging and distribution of cement	Sierra Leone	1	1
Bagging and distribution of cement	Cote D'Ivoire	1	1
Cement Grinding	Gabon	1	1
Selling and distribution of cement	Burkina Faso	1	1
Selling and distribution of cement	Chad	1	1
Selling and distribution of cement	Mali	1	1
Selling and distribution of cement	Niger	1	1
Limestone mining	Niger	1	1
Limestone mining	Kenya	1	1
Cement production	Kenya	1	1
Cement production	Madagascar	1	1
Selling and distribution of cement	Benin	1	1
Selling and distribution of cement	Togo	1	1
Cement production	Mozambique	1	1
Holding company	Zimbabwe	1	1
Cement production	Zimbabwe	1	1
Power production	Zimbabwe	1	1
Coal production	Zimbabwe	1	1

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Principal activity	Place of incorporation and	Number of non-wholly-owned subsidiaries	
		2020	2019
Cement production	Guinea	1	1
Cement production	D.R. Congo	2	2
Cement production	Nigeria	3	3
Cement Grinding	Ghana	1	1
Manufacturing of ceramics products	Nigeria	1	1

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

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020 ₦'million	2019 ₦'million	2020 ₦'million	2019 ₦'million
Dangote Cement South Africa (Pty) Limited	South Africa	36.00%	36.00%	24	-	15,640	12,450

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

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

18.7 Significant restrictions

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

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18 Information regarding subsidiaries and associate (Cont'd.)

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

	Dangote Cement South Africa (Pty) Limited	
	2020 ₦'million	2019 ₦'million
Information in respect of the financial position of the subsidiaries		
Current assets	25,947	22,431
Non-current assets	79,151	68,889
Current liabilities	36,215	32,318
Non-current liabilities	20,197	22,029
Equity attributable to owners of the Company	48,617	36,882
Non-controlling interests	68	91
Information in respect of the profit and loss and other comprehensive income		
Revenue	52,698	46,372
Expenses	(51,184)	(47,022)
Tax credit	(629)	651
Profit for the year	885	1
Profit attributable to owners of the Company	861	1
Profit attributable to the non-controlling interests	24	-
Profit for the year	885	1
Other comprehensive income	-	-
Total comprehensive income for the year	885	1
Total comprehensive income attributable to owners of the Company	861	1
Total comprehensive income attributable to the non-controlling interests	24	-
Total comprehensive income for the year	885	1
Information in respect of the cash flows of the Subsidiary		
Dividends paid to non-controlling interests	(45)	(137)
Net cash inflow from operating activities	5,686	9,146
Net cash inflow from investing activities	102	722
Net cash (outflow) from financing activities	(6,231)	(10,053)
Net cash outflow	(443)	(185)

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Prepayments

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
19.1 Non-current				
Advance to contractors	22,608	51,233	5,000	5,690
Prepayment for road infrastructure tax credit	14,605	-	14,605	-
Total non-current prepayments	37,213	51,233	19,605	5,690
19.2 Prepayments and other current assets				
Advance to contractors	17,728	12,999	1,942	3,916
Advance payment to suppliers	34,862	15,045	27,021	10,194
Rent, rates and insurance	2,339	3,058	971	831
Prepayment for road infrastructure tax credit	8,418	-	8,418	-
Total current prepayments and other assets	63,347	31,102	38,352	14,941
Due from related parties - current (Note 31)				
Parent company	8,522	7,141	8,522	7,141
Loans to parent company	70,000	-	70,000	-
Entities controlled by the parent company	106,657	88,759	101,345	83,435
Affiliates and associates of parent company	35	40	-	-
Subsidiaries	-	-	186,847	167,364
Total current receivables from related parties	185,214	95,940	366,714	257,940
Prepayments and other current assets	248,561	127,042	405,066	272,881

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

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
20 Inventories				
Finished product	5,887	7,793	3,203	5,601
Work-in-progress	8,929	14,129	2,005	4,336
Raw materials	5,434	7,656	2,188	3,203
Packaging materials	4,165	4,564	1,152	1,892
Consumables	12,834	10,762	8,090	8,115
Fuel	6,219	9,676	3,453	6,399
Spare parts	58,727	55,093	31,843	35,170
Goods in transit	6,075	5,133	2,611	3,020
	108,270	114,806	54,545	67,736

The cost of inventories recognised as an expense during the year was ₦243.43 billion and ₦90.75 billion (2019: ₦195.01 billion and ₦68.72 billion) in the consolidated and separate financial statements respectively.

The amount recognised as inventories obsolescence during the year was ₦4.5 million (2019: nil) for Group and nil for Company.

The amount recognised as inventories write back during the year was Nil (2019: Nil) for Group and Company.

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

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21. Trade and other receivables	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Trade receivables	15,496	13,979	5,108	6,369
Impairment allowance on trade receivables	(1,344)	(1,156)	(1,082)	(1,133)
	14,152	12,823	4,026	5,236
Staff loans and advances	1,952	1,948	1,527	1,508
Value added tax receivables	2,630	2,859	-	-
Receivables from registrar	1,143	1,092	1,143	1,092
Other receivables*	15,317	12,371	8,133	4,864
Total trade and other receivables	35,194	31,093	14,829	12,700

Of the trade receivables balance at the end of the year in the consolidated and separate financial statements, ₦930 million (2019: ₦591.0 million) represents the biggest trade receivable balance due from a single customer at both the Group and Company level. There are no customers who represent more than 10% of the total balance of trade receivables of the Group after impairment.

* The amount of other receivables reported in 2019 has been broken out into value added tax receivables and other receivables to aid understandability and comparability.

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

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

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

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

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

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

31/12/20	Group					
	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	3.0%	2.4%	0.1%	3.1%	41.6%	
Estimated total gross carrying amount at default	8,744	3,732	325	341	2,354	15,496
Lifetime ECL	262	90	-	11	981	1,344
31/12/19	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
	0.2%	0.7%	0.2%	0.0%	76.6%	
Expected credit loss rate	9,311	2,123	1,082	7	1,456	13,979
Estimated total gross carrying amount at default	22	16	2	-	1,116	1,156
Lifetime ECL						
31/12/20	Company					
	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	0.0%	3.5%	0.2%	6.0%	47.0%	
Estimated total gross carrying amount at default	91	2,623	137	174	2,083	5,108
Lifetime ECL	-	91	-	10	981	1,082
31/12/19	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
	0.0%	2.0%	0.6%	0.0%	75.3%	
Expected credit loss rate	3,789	784	313	-	1,483	6,369
Estimated total gross carrying amount at default	-	16	2	-	1,115	1,133
Lifetime ECL						

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22 Lease receivables

Leasing arrangements

Amounts receivable under finance leases:

	Group & Company			
	Minimum lease payments		Present value of minimum Lease payment	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Year 1	6,919	5,967	5,249	4,266
Year 2	7,043	5,967	3,216	4,904
Year 3	4,141	3,026	3,065	2,694
Year 4	3,340	2,179	3,209	3,687
Year 5	952	-	356	-
	22,395	17,139	15,095	15,551
Less: unearned finance income	(7,301)	(1,588)	-	-
Present value of minimum lease payments receivable	15,094	15,551	15,095	15,551
Allowance for uncollectible lease payments	-	-	-	-
Net investment in the lease	15,094	15,551	15,095	15,551
Analysed as follows:				
Recoverable within 12 months	6,919	5,967	5,249	4,266
Recoverable after 12 months	15,476	11,172	9,846	11,285
	22,395	17,139	15,095	15,551

The Group entered into finance lease arrangement for some of its trucks. All leases are denominated in Naira. The average term of finance leases entered into is 4.17 years (2019: 4.17 years).

During the year, the Group recognised interest income on lease receivables of ₦2.42 billion (2019: ₦1.15 billion).

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

The average effective interest rate implicit in the contracts is 9.06% (2019: 14%) per annum.

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

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

31/12/20	Group & Company					
	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Estimated total gross carrying amount at default	15,030	12	3	2	48	15,095

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

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		Group/Company	
		31/12/20	31/12/19
		₦'million	₦'million
23. Share capital			
	<i>Issued and fully paid</i>		
	Share capital 17,040,507,404 (2019: 17,040,507,404) ordinary		
23.1	shares of ₦0.5 each	8,520	8,520
	Share premium	42,430	42,430
23.2	Authorised share capital as at reporting dates represents 20,000,000,000 units of ordinary shares of ₦0.5 each. Out of the total units of issued and fully paid share capital, 40,200,000 units are held by the Company.		
	Fully paid ordinary shares carry one vote per fully paid up share and a right to dividends when declared and approved.		

23.3 Treasury shares

On the 31 December 2020, the Company embarked on a share buy-back programme, buying back 40,200,000 units of its shares at a total cost of ₦9.8 billion which included the par value of the shares and additional premium paid on it. At 31 December 2020, the Company held 40,200,000 (2019: Nil) of its own shares.

23.4 Securities trading policy

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

23.5 Currency translation reserve

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

23.6 Capital contribution

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

24 Dividend

On 15 June 2020, a dividend of ₦16.00. per share (total dividend ₦272.6 billion) was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to 2019 financial year.

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

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25 Trade and other payables

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Trade payables	56,168	63,277	38,676	33,443
Payable to contractors	123,099	73,910	12,270	21,270
Value added tax	7,635	3,797	4,760	1,690
Withholding tax payable	22,898	16,071	1,981	246
Staff pension (Note 29.1)	722	393	15	8
Advances from customers	69,193	59,107	49,745	48,040
Dividend payables	4,013	3,500	4,013	3,500
Suppliers' credit	2,859	3,314	2,859	3,314
Accruals	62,801	62,462	25,926	19,428
Total trade and other payables	349,388	285,831	140,245	130,939

The average credit period on purchases of goods is 47days and 63 days (2019: 61 days and 67 days) for Group and Company respectively. Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid in line with the pre-agreed credit terms.

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. Management believes that the current presentation provides the most relevant and reliable presentation of assets and liabilities in the statement of financial position. Please see Note 21

26	Financial liabilities	Group		Company	
		31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
	Unsecured borrowings at amortised cost				
	Loans from Dangote Industries Limited	-	37,006	-	37,006
	Bulk Commodities loans	23,515	19,588	1,322	1,204
	Loans from Dangote Oil & Gas	32,905	29,736	32,905	29,736
	Bond (Note 26.1)	98,423	-	98,423	-
	Commercial papers (Note 26.3)	110,970	137,505	110,970	137,505
		265,813	223,835	243,620	205,451
	Secured borrowings at amortised cost				
	Power intervention loan (Note 26.2)	2,238	5,320	2,238	5,320
	Bank loans	215,059	122,279	103,771	14,759
		217,297	127,599	106,009	20,079
	Total borrowings at 31st December	483,110	351,434	349,629	225,530
	Long-term portion of loans and borrowings	158,908	107,279	98,577	39,700
	Current portion repayable in one year and shown under current liabilities	319,406	232,343	251,052	185,830
	Overdraft balances	4,796	11,812	-	-
	Short-term portion	324,202	244,155	251,052	185,830
	Interest payable	10,809	16,476	7,228	15,036
	Financial liabilities (short term)	335,011	260,631	258,280	200,866

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- 26.1** The Company issued its series 1 Naira bond with a value of ₦100 billion and a coupon rate of 12.5% during the year. The tenure is for 5 years to mature in April 2025.
- 26.2** In 2011 and 2012, the Bank of Industry through Guaranty Trust Bank Plc and Access Bank Plc granted the Company the sum of ₦24.5 billion long-term loan repayable over 10 years at an all-in annual interest rate of 7% for part financing or refinancing the construction cost of the power plants at the Company's factories under the Power and Aviation Intervention Fund. The loan had a moratorium of 12 months. Given the concessionary terms at which the Company secured the loan, it is considered to incorporate a government grant. Using prevailing market interest rates for an equivalent loan of 12.5%, the fair value of the loan is estimated at ₦20.7 billion. The difference of ₦3.8 billion between the gross proceeds and the fair value of the loan is the benefit derived from the low interest loan and is recognised as deferred revenue. The facility is secured by a debenture on all fixed and floating assets of the Company to be shared pari passu with existing lenders. During the year, the rate was reduced to 5% because of COVID-19.
- 26.3** Commercial paper was issued under a programme with a maximum face value of ₦150 billion. The tenure is between 90 days and 270 days with discount ranging from 4.0% to 8.0%.
- 26.4** The Company entered into foreign currency swap which is carried at fair value. The amount represents a liability arising from the foreign currency swap arrangement.

Loans	Group			31/12/20	31/12/19
	Currency	Nominal interest rate	Maturity	₦'million	₦'million
Bank overdrafts			On demand	4,796	11,812
Other borrowings:					
Other loans from Parent Company	Naira	10.0%	2020	-	37,006
Loan from Bulk Commodities Inc.	USD	6.0% - 8.0%	On demand & 2021	23,515	19,588
Loans from Dangote Oil & Gas	Naira	7.0%	On demand	32,905	29,736
Power intervention loan	Naira	5.0%	07 & 12/2021	2,238	5,320
Commercial paper	Naira	4.0% - 8.0%	2021	110,970	137,505
Bond	Naira	12.5%	04/2025	98,423	-
Short term loans from Banks	USD	7.0%	2020	138,107	21,744
Standard Chartered	USD	7.5%	2022	19,611	29,783
Long term bank loans	CFA	7.25% - 8.5%	2025	25,630	29,154
Nedbank/Standard Bank Loan	Rands	JIBAR + 4%	11/2022	26,915	29,786
				478,314	339,622
Total borrowings at 31 December				483,110	351,434

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Loans	Company			31/12/20	31/12/19
	Currency	Nominal interest rate	Maturity	₦'million	₦'million
Loans from Parent Company	Naira	10.0%	2020	-	37,006
Loan from Bulk Commodities Inc.	USD	6.0%	On demand	1,322	1,204
Loans from Dangote Oil & Gas	Naira	7.0%	On demand	32,905	29,736
Power intervention loan	Naira	7.0%	07 & 12/2021	2,238	5,320
Commercial paper	Naira	4.0% - 8.0%	2021	110,970	137,505
Bond	Naira	12.5%	04/2025	98,423	-
Short term loans from Banks	USD	7.0%	2020	103,771	14,759
Total borrowings at 31 December				349,629	225,530

The maturity profiles of borrowings are as follows:

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Due within one month	13,432	26,434	406	14,469
Due from one to three months	90,727	142,296	82,250	122,745
Due from three to twelve months	220,043	75,425	168,396	48,616
Total current portion repayable in one year	324,202	244,155	251,052	185,830
Due in the second year	26,198	82,343	154	39,364
Due in the third year	25,640	18,307	-	336
Due in the fourth year	100,580	1,965	98,423	-
Due in the fifth year and further	6,490	4,664	-	-
Total long-term portion of loans and borrowings	158,908	107,279	98,577	39,700
Total	483,110	351,434	349,629	225,530

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

	Group				
	31/12/19	Financing	Exchange	Others	31/12/20
	₦'million	Cashflows	(gains)/	₦'million	₦'million
		₦'million	losses		
			₦'million		
Loans from Dangote Industries Limited	37,006	(36,097)	(909)	-	-
Bulk Commodities loans	19,588	1,956	1,971	-	23,515
Loans from Dangote Oil & Gas	29,736	3,137	32	-	32,905
Power intervention loan	5,320	(2,625)	-	(457)	2,238
Commercial papers	137,505	(26,535)	-	-	110,970
Bond	-	98,423	-	-	98,423
Bank loans	110,467	84,666	15,130	-	210,263
	339,622	122,925	16,224	(457)	478,314

	Company				
	31/12/19	Financing	Exchange	Others	31/12/20
	₦'million	Cashflows	(gains)/	₦'million	₦'million
		₦'million	losses		
			₦'million		
Loans from Dangote Industries Limited	37,006	(36,097)	(909)	-	-
Bulk Commodities loans	1,204	-	118	-	1,322
Loans from Dangote Oil & Gas	29,736	3,137	32	-	32,905
Power intervention loan	5,320	(2,625)	-	(457)	2,238
Commercial papers	137,505	(26,535)	-	-	110,970
Bond	-	98,423	-	-	98,423
Bank loans	14,759	86,375	2,637	-	103,771
	225,530	122,678	1,878	(457)	349,629

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

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

27 Deferred Revenue and other current liabilities

27.1 Deferred Revenue

Deferred revenue arising from government grant (refer to (a) below)

Current (Note 27.2)

Non-current

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
	444	516	37	156
	444	516	37	156
	70	147	37	119
	374	369	-	37
	444	516	37	156

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

Movement in Deferred revenue

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
At 1 January	516	741	156	355
Additions during the year	-	-	-	-
	516	741	156	355
Released to profit and loss account (Other income)	(148)	(227)	(119)	(199)
Effect of foreign exchange differences	76	2	-	-
Closing balance	444	516	37	156

27.2 Other current liabilities

Current portion of deferred revenue (Note 27.1)

Due to related parties - current (Note 31)

Entities controlled by the parent company
Affiliates and associates of parent company
Subsidiaries

Total current payables to related parties

Other current liabilities

	70	147	37	119
	50,387	4,161	42,513	1,086
	33,003	29,775	23,272	16,959
	-	-	15,887	12,571
	83,390	33,936	81,672	30,616
	83,460	34,083	81,709	30,735

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28 Provisions

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Site restoration cost	6,913	2,869	5,049	1,950
	6,913	2,869	5,049	1,950

	Group			2019		
	2020					
	Restoration ₦'million	Others ₦'million	Total ₦'million	Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at beginning of the year	2,869	815	3,684	2,150	603	2,753
Effect of foreign exchange differences	274	43	317	(41)	(77)	(118)
Provisions made during the year	2,793	278	3,071	417	289	706
Transfer from short term	717	-	717	-	-	-
Unwinding of discount	260	-	260	343	-	343
Balance at the end of the year	6,913	1,136	8,049	2,869	815	3,684

	Company			2019		
	2020					
	Restoration ₦'million	Others ₦'million	Total ₦'million	Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at beginning of the year	1,950	-	1,950	1,310	-	1,310
Provisions made during the year	2,865	-	2,865	304	-	304
Unwinding of discount	234	-	234	336	-	336
Balance at the end of the year	5,049	-	5,049	1,950	-	1,950

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

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

29 Employee benefits

29.1 Defined contribution plans

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Balance at beginning of the year	393	461	8	7
Provision for the year	3,073	2,181	1,251	1,259
Payments during the year	(2,744)	(2,249)	(1,244)	(1,258)
Balance at the end of the year	722	393	15	8

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29.2 Employee benefit obligations

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

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

Interest rate risk

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

Longevity risk

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

Salary risk

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

The principal assumptions used for the purposes of the actuarial valuations for Group and Company were as follows:

	Company	
	12/31/2020 %	12/31/2019 %
Discount rate(s)	8.00	-
Expected rate(s) of salary increase	12.00	-
Inflation rate	12.00	-

Movements in the present value of the defined benefit obligation are as follows:

	Group		Company	
	12/31/2020 ₦'million	12/31/2019 ₦'million	12/31/2020 ₦'million	12/31/2019 ₦'million
At 1 January	-	-	-	-
Current service cost	2,683	-	2,655	-
Interest cost	294	-	291	-
Remeasurement (gains)/losses	-	-	-	-
Actuarial losses/(gains)	736	-	736	-
Curtailment	-	-	-	-
Benefits paid	(132)	-	(130)	-
At 31 December	3,581	-	3,552	-

The actual return on plan assets in 2020 was nil (2019: nil)

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Amounts recognised in profit or loss in respect of these defined benefit plans are as follows.

	Group		Company	
	12/31/2020 ₦'million	12/31/2019 ₦'million	12/31/2020 ₦'million	12/31/2019 ₦'million
Current service cost	2,683	-	2,655	-
Net Interest expense	294	-	291	-
	2,977	-	2,946	-

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

	Group		Company	
	12/31/2020 ₦'million	12/31/2019 ₦'million	12/31/2020 ₦'million	12/31/2019 ₦'million
Present value of defined benefit obligations	3,581	-	3,552	-
Net liability arising from defined benefit obligation	3,581	-	3,552	-

• If the discount rate is 100 basis points higher (lower), the defined benefit obligation at 31 December 2020 would decrease by ₦3.2 billion (increase by ₦ 3.9 billion)).

• If the expected salary growth increases (decreases) by 1%, the defined benefit obligation as at 31 December 2020 would increase by ₦3.8 billion (decrease by ₦3.3 billion).

• If the assumed mortality age is rated up (down) by one year, the defined benefit obligation as at 31 December 2020 would increase by ₦3.5 billion (decrease by ₦3.6 billion).

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

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

30. Financial Instruments

30.1 Capital Management

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

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

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Net debt	337,275	227,531	280,781	169,743
Equity	890,970	897,937	1,352,377	1,282,249

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

The net debt to equity ratio as on 31 December 2020 is 37% (2019: 25%).

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30.1.1 Debt to equity ratio

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

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Financial liabilities (Note 26)	483,110	351,434	349,629	225,530
Cash and cash equivalents (Note 32.1)	145,835	123,903	68,848	55,787
Net debt	337,275	227,531	280,781	169,743
Equity	890,970	897,937	1,352,377	1,282,249
Net debt/ Equity ratio	0.38	0.25	0.21	0.13

30.2 Categories of financial instruments

	Group					
31/12/20	Amortised Cost ₦'million	FVTOCI ₦'million	FVTOCI ₦'million	Total Financial ₦'million	Non Financial ₦'million	Total ₦'million
Assets						
Property, plant and equipment	-	-	-	-	1,390,687	1,390,687
Intangible assets	-	-	-	-	4,554	4,554
Right of use assets	-	-	-	-	12,594	12,594
Investments in subsidiaries	-	-	-	-	-	-
Investment in associate	-	-	-	-	5,711	5,711
Lease receivables	15,095	-	-	15,095	-	15,095
Deferred tax asset	-	-	-	-	11,708	11,708
Prepayments for property, plant & equipment	-	-	-	-	37,213	37,213
Inventories	-	-	-	-	108,270	108,270
Trade and other receivables	32,564	-	-	32,564	2,630	35,194
Prepayments and other current assets	185,214	-	-	185,214	63,347	248,561
Current tax assets	-	-	-	-	7,029	7,029
Cash and cash equivalents	145,835	-	-	145,835	-	145,835
	378,708	-	-	378,708	1,643,743	2,022,451
Liabilities						
Trade and other payables	249,662	-	-	249,662	99,726	349,388
Current tax liabilities	-	-	-	-	59,781	59,781
Financial liabilities	493,919	-	-	493,919	-	493,919
Other current liabilities	83,390	-	-	83,390	70	83,460
Lease liabilities	9,845	-	-	9,845	-	9,845
Derivatives	-	104	-	104	-	104
Deferred tax liabilities	-	-	-	-	122,980	122,980
Provisions	-	-	-	-	8,049	8,049
Employees benefits obligations	3,581	-	-	3,581	-	3,581
Deferred revenue	-	-	-	-	374	374
Total liabilities	840,397	104	-	840,501	290,980	1,131,481

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31/12/19	Group					
	Amortised Cost ₦'million	FVTPL ₦'million	FVTOCI ₦'million	Total Financial ₦'million	Non Financial ₦'million	Total ₦'million
Assets						
Property, plant and equipment	-	-	-	-	1,206,749	1,206,749
Intangible assets	-	-	-	-	3,663	3,663
Right of use assets	-	-	-	-	11,956	11,956
Investment in associate	-	-	-	-	4,961	4,961
Lease receivables	15,551	-	-	15,551	-	15,551
Deferred tax asset	-	-	-	-	44,768	44,768
Prepayments for property, plant & equipment	-	-	-	-	51,233	51,233
Inventories	-	-	-	-	114,806	114,806
Trade and other receivables*	28,234	-	-	28,234	2,859	31,093
Prepayments and other current assets	95,940	-	-	95,940	31,102	127,042
Current tax assets	-	-	-	-	6,718	6,718
Cash and cash equivalents	123,903	-	-	123,903	-	123,903
	263,628	-	-	263,628	1,478,815	1,742,443
Liabilities						
Trade and other payables	203,356	-	-	203,356	78,975	285,831
Current tax liabilities	-	-	-	-	49,932	49,932
Financial liabilities	367,910	-	-	367,910	-	367,910
Other current liabilities	33,936	-	-	33,936	147	34,083
Lease liabilities	8,856	-	-	8,856	-	8,856
Deferred tax liabilities	-	-	-	-	93,841	93,841
Provisions	-	-	-	-	3,684	3,684
Deferred revenue	-	-	-	-	369	369
Long term payables	-	-	-	-	-	-
Total liabilities	614,058	-	-	614,058	226,948	844,506

* Included in trade and other receivables is a portion of non financial asset now properly classified.

31/12/20	Company					
	Amortised Cost ₦'million	FVTPL ₦'million	FVTOCI ₦'million	Total Financial ₦'million	Non Financial ₦'million	Total ₦'million
Assets						
Property, plant and equipment	-	-	-	-	551,926	551,926
Intangible assets	-	-	-	-	180	180
Right of use assets	-	-	-	-	1,164	1,164
Investments in subsidiaries	-	-	-	-	162,246	162,246
Investment in associate	-	-	-	-	1,582	1,582
Lease receivables	15,095	-	-	15,095	-	15,095
Deferred tax asset	-	-	-	-	-	-
Prepayments for property, plant & equipment	-	-	-	-	19,605	19,605
Receivables from subsidiaries	815,463	-	-	815,463	-	815,463
Inventories	-	-	-	-	54,545	54,545
Trade and other receivables	14,829	-	-	14,829	-	14,829
Prepayments and other current assets	366,714	-	-	366,714	38,352	405,066
Current tax assets	-	-	-	-	5,511	5,511
Cash and cash equivalents	68,848	-	-	68,848	-	68,848
	1,280,949	-	-	1,280,949	835,111	2,116,060
Liabilities						
Trade and other payables	83,759	-	-	83,759	56,486	140,245
Current tax liabilities	-	-	-	-	58,117	58,117
Financial liabilities	356,857	-	-	356,857	-	356,857
Other current liabilities	81,672	-	-	81,672	37	81,709
Lease liabilities	288	-	-	288	-	288
Derivatives	-	104	-	104	-	104
Deferred tax liabilities	-	-	-	-	117,762	117,762
Provisions	-	-	-	-	5,049	5,049
Employees benefits obligations	3,552	-	-	3,552	-	3,552
Total liabilities	526,128	104	-	526,232	237,451	763,683

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31/12/19	Company					
	Amortised Cost ₦'million	FVTPL ₦'million	FVTOCI ₦'million	Total Financial ₦'million	Non Financial ₦'million	Total ₦'million
Assets						
Property, plant and equipment	-	-	-	-	545,834	545,834
Intangible assets	-	-	-	-	69	69
Right of use assets	-	-	-	-	994	994
Investments in subsidiaries	-	-	-	-	162,071	162,071
Investment in associate	-	-	-	-	1,582	1,582
Lease receivables	15,551	-	-	15,551	-	15,551
Deferred tax asset	-	-	-	-	14,356	14,356
Prepayments for property, plant & equipment	-	-	-	-	5,690	5,690
Receivables from subsidiaries	663,113	-	-	663,113	-	663,113
Inventories	-	-	-	-	67,736	67,736
Trade and other receivables	12,700	-	-	12,700	-	12,700
Prepayments and other current assets	257,940	-	-	257,940	14,941	272,881
Cash and cash equivalents	55,787	-	-	55,787	-	55,787
	1,005,091	-	-	1,005,091	813,273	1,818,364
Liabilities						
Trade and other payables	80,963	-	-	80,963	49,976	130,939
Current tax liabilities	-	-	-	-	49,127	49,127
Financial liabilities	240,566	-	-	240,566	-	240,566
Other current liabilities	30,616	-	-	30,616	119	30,735
Deferred tax liabilities	-	-	-	-	89,473	89,473
Provisions	-	-	-	-	1,950	1,950
Deferred revenue	-	-	-	-	37	37
Total liabilities	352,145	-	-	352,145	190,682	542,827

30.3 Financial risk management objectives

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

30.4 Market risk

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

30.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Income is primarily earned in local currency for most of the locations with a significant portion of capital expenditure being in foreign currency. The Group manages foreign currency by monitoring our financial position in each country we operate with the aim of having assets and liabilities denominated in the functional currency as much as possible. The effective closing rate as at 31 December 2020 is ₦400.33/ US Dollar (2019: ₦364.70/US Dollar). The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

	Group			
	Liabilities		Assets	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
US Dollars	272,741	156,448	3,015	9,442
	Company			
	Liabilities		Assets	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
US Dollars	219,630	100,005	992,840	783,520

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30.5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollars.

The following table details the Group and Company's sensitivity to a 15% (2019:15%) increase and decrease in the Naira against the US Dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity for a 15% change in the exchange rates. A negative number below indicates a decrease in profit or equity for a 15% change in the exchange rates.

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Effect on Profit or loss/Equity for a 15% (2019:15%) appreciation	28,321	15,436	(81,187)	(71,769)
Effect on Profit or loss/Equity for a 15% (2019:15%) depreciation	(28,321)	(15,436)	81,187	71,769

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

30.6 Credit risk management

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

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

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

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

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

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

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

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30.6.1 Exposure to Credit risk

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

31/12/20	Note	External credit rating	Internal rating	Group 12 months or lifetime ECL	Gross carrying amount	Allowance	Net carrying amount
					₦'million	₦'million	₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	15,095	-	15,095
Trade and other receivables	21	N/A	ii	Lifetime ECL	33,908	(1,344)	32,564
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	185,214	-	185,214
Cash and cash equivalents	32.1	i	i	i	145,835	-	145,835
Total					380,052	(1,344)	378,708

31/12/19	Note	External credit rating	Internal rating	Group 12 months or lifetime ECL	Gross carrying amount	Allowance	Net carrying amount
					₦'million	₦'million	₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	15,551	-	15,551
Trade and other receivables*	21	N/A	ii	Lifetime ECL	29,390	(1,156)	28,234
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	95,940	-	95,940
Cash and cash equivalents	32.1	i	i	i	123,903	-	123,903
Total					264,784	(1,156)	263,628

* Included in trade and other receivables is a portion of non financial asset now properly classified.

31/12/20	Note	External credit rating	Internal rating	Company 12 months or lifetime ECL	Gross carrying amount	Allowance	Net carrying amount
					₦'million	₦'million	₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	15,095	-	15,095
Receivables from subsidiaries	31	N/A	ii	Lifetime ECL	815,463	-	815,463
Trade and other receivables	21	N/A	ii	Lifetime ECL	15,911	(1,082)	14,829
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	366,714	-	366,714
Cash and cash equivalents	32.1	i	i	i	68,848	-	68,848
Total					1,282,031	(1,082)	1,280,949

31/12/19	Note	External credit rating	Internal rating	Company 12 months or lifetime ECL	Gross carrying amount	Allowance	Net carrying amount
					₦'million	₦'million	₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	15,551	-	15,551
Receivables from subsidiaries	31	N/A	ii	Lifetime ECL	663,113	-	663,113
Trade and other receivables	21	N/A	ii	Lifetime ECL	13,833	(1,133)	12,700
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	257,940	-	257,940
Cash and cash equivalents	32.1	i	i	i	55,787	-	55,787
Total					1,006,224	(1,133)	1,005,091

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

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

30.7 Liquidity risk management

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

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30.7.1 Liquidity maturity table

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

Group					
Gross carrying amount	Contractual cash flows				
	<1 month	1– 3 months	3 months – 1yr	>1 year	
₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
As at 31 December 2020					
Trade and other payables	249,662	242,790	-	2,859	-
Financial liabilities	493,919	15,751	95,725	233,612	205,855
Lease liabilities	9,845	-	-	2,073	7,772
Other current liabilities	83,390	83,390	-	-	-
Derivatives	104	-	104	-	-
Total	836,920	341,931	95,829	238,544	213,627
As at 31 December 2019					
Trade and other payables	203,356	200,042	-	3,314	-
Financial liabilities	367,910	28,802	153,722	90,370	112,779
Lease liabilities	8,856	-	-	1,409	7,447
Other current liabilities	33,936	33,936	-	-	-
Total	614,058	262,780	153,722	95,093	120,226
Company					
Gross carrying amount	Contractual cash flows				
	<1 month	1– 3 months	3 months – 1yr	>1 year	
₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
As at 31 December 2020					
Trade and other payables	83,759	76,887	-	2,859	-
Financial liabilities	356,857	2,048	85,987	177,169	140,249
Other current liabilities	81,672	81,672	-	-	-
Lease liabilities	288	-	-	158	130
Derivatives	104	-	104	-	-
Total	522,680	160,607	86,091	180,186	140,379
As at 31 December 2019					
Trade and other payables	77,463	74,149	-	3,314	-
Financial liabilities	240,566	16,157	131,832	57,940	39,759
Other current liabilities	30,616	30,616	-	-	-
Total	348,645	120,922	131,832	61,254	39,759

The Company guaranteed all the loans in the subsidiaries amounting to ₦111.3 billion (2019: ₦107.5 billion)

30.7.2 Interest Risk

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

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The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. The following table details the sensitivity to a 1% (2019: 1%) increase or decrease in interest rates.

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Effect on Profit or loss/Equity for a 1% (2019:1%) increase in rate	(1,213)	(934)	2,270	2,466
Effect on Profit or loss/Equity for a 1% (2019:1%) decrease in rate	1,213	934	(2,270)	(2,466)

30.7.3 Fair valuation of financial assets and liabilities

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

Fair value hierarchy

Financial instruments in Level 1

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

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

Financial instruments in Level 2

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

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

Financial instruments in Level 3

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

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

The Group has a derivative which is categorised as level 3 financial instrument.

	Group				Company			
	31/12/20 Fair value ₦'million	31/12/20 Carrying amount ₦'million	31/12/19 Fair value ₦'million	31/12/19 Carrying amount ₦'million	31/12/20 Fair value ₦'million	31/12/20 Carrying amount ₦'million	31/12/19 Fair value ₦'million	31/12/19 Carrying amount ₦'million
Bond	114,000	98,423	-	-	114,000	98,423	-	-

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31 Related party transactions

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

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

31.1 Trading transactions

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

	Sale of goods		Purchases of goods	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Parent company	-	-	-	-
Entities controlled by the parent company	15,194	20,673	123,707	139,324
Affiliates and associates of the parent company	-	-	43,049	24,863

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

	Sale of goods		Purchases of goods	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Parent company	-	-	-	-
Entities controlled by the parent company	15,194	20,673	115,650	112,301
Affiliates and associates of the parent company	-	-	10,649	6,516
Subsidiaries	5,056	-	11,125	-

In addition to sales and purchases of goods, the Company charged interest amounting to ₦31.5 billion (2019: ₦32.8 billion) on loans granted to subsidiaries. This interest is eliminated on consolidation.

Also during the year, the Parent company charged the Group a total interest of ₦487.7 million (2019: ₦6.9 billion), being the cost of borrowing to finance capital projects and other operational expenses. In the same vein, the Group charged the Parent company a total interest of ₦1.69 billion (2019:nil)

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of ₦5.3 billion (2019: ₦4.0 billion) was charged, being an allocation of costs incurred by relevant administrative departments.

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31 Related party transactions (continued)

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

	Group			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Current				
Parent company	8,522	7,141	-	-
Loans to parent company	70,000	-	-	-
Entities controlled by the parent company	106,657	88,759	50,387	4,161
Affiliates and associates of parent company	35	40	33,003	29,775
	185,214	95,940	83,390	33,936
	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Non Current				
Entities controlled by the Company	815,463	663,113	-	-

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

In 2020, amount totalling ₦3.4 billion (2019: Nil) was impaired from loan receivables from subsidiaries by the Company. This has been included within provision for doubtful debt and bad debt expense for the year ended 31 December 2020.

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

During the year, the Company provided support services to its subsidiaries of ₦73.1 billion (2019: ₦71.2 billion) for capital development and/or for operational purposes. Assistance rendered was always in the form of funds transferred to them for the normal running of their operations or on their behalf to vendors/contractors for settlement of commitments.

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Current				
Parent company	8,522	7,141	-	-
Loans to parent company	70,000	-	-	-
Entities controlled by the parent company	101,345	83,435	42,513	1,086
Affiliates and associates of the parent company	-	-	23,272	16,959
Subsidiaries	186,847	167,364	15,887	12,571
	366,714	257,940	81,672	30,616

31.2 Loans from related parties

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Affiliates and associates of the parent company	23,515	19,588	1,322	1,204
Entities controlled by the parent company	32,905	29,736	32,905	29,736
Loans from parent company	-	37,006	-	37,006

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31.3 Compensation of key management personnel

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

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Short-term benefits	1,491	841	1,478	822
	1,491	841	1,478	822

32. Supplemental cash flow disclosures

32.1 Cash and cash equivalents

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Cash and bank balances	115,871	84,142	48,492	30,001
Short term deposits	29,964	39,761	20,356	25,786
Cash and cash equivalents excluding bank overdrafts	145,835	123,903	68,848	55,787
Bank overdrafts used for cash management purposes (note 26)	(4,796)	(11,812)	-	-
Cash and cash equivalents	141,039	112,091	68,848	55,787

Cash and cash equivalents include restricted cash of ₦3.83 billion for Group and ₦3.49 billion for Company (2019: ₦4.02 billion for Group and Company) on letters of credit for the acquisition of inventories and property, plant and equipment and Debt service reserve account.

33. Lease liabilities

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Maturity analysis				
Year 1	1,811	1,472	158	-
Year 2	2,592	1,316	92	-
Year 3	1,236	1,190	-	-
Year 4	1,160	1,132	38	-
Year 5	905	911	-	-
Later than 5 years	44,200	42,507	-	-
	51,904	48,528	288	-
Less unearned interest	(42,059)	(39,672)	-	-
	9,845	8,856	288	-
Analysed as				
Current	2,073	1,409	158	-
Non- Current	7,772	7,447	130	-
	9,845	8,856	288	-

34. Commitments for expenditure

	Group		Company	
	31/12/20 ₦'million	31/12/19 ₦'million	31/12/20 ₦'million	31/12/19 ₦'million
Commitments for the acquisition of property, plant and equipment	127,665	124,253	21,137	8,023

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

35 Contingent liabilities

The Group and Company are engaged in law suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and other claims amounted to ₦117.5 billion and ₦93.2 billion for the Group and Company respectively (2019: ₦76.3 billion and ₦74.1 billion for Group and Company respectively). The Directors are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle these obligations and accordingly no provision has been made in the financial statements.

36 Significant events during the year

From the beginning of the COVID-19 pandemic, we have proactively deployed recommended measures to protect the health and well-being of our employees, customers, suppliers and communities. As such, we have implemented several rigorous protocols in our operations across the continent. We are closely monitoring all markets according to the guidance provided by the Authorities in each country.

In March 2020, the Nigerian government imposed restrictions on economic activities and movement of people in some of the States in the country in order to control the spread of the COVID 19 virus. The temporary restrictions were eased and is expected that the Government of Nigeria will continue to assess the risk associated with the COVID 19 pandemic and adapt responses accordingly. Our plants continued to operate during this period and the volumes sold for the 2020 Financial year exceeds the volumes sold during the comparable period in 2019. Sales volumes during the second half of the year 2020 were much higher than the volumes sold during the comparable period for 2019 but we witnessed a reduction in sales volumes for the second quarter of 2020 compared to the same period for 2019.

In our Pan Africa operations, the response by the authorities of these countries varied in nature from specific temporary restrictions in some countries to a complete temporary lockdown for businesses that are not considered as part of the essential services. This notably resulted in total shutdown of our plants in South Africa, Congo and Ghana for a period of time. The restrictions in most countries were revised during the second quarter with our plants restarting production. The restrictions resulted in reduced volumes for the countries that had temporary full lockdown during the second quarter but like Nigeria, we witnessed a rebound during the third quarter with the full year volumes for 2020 exceeding the volumes for 2019.

Authorities appear to be continuously assessing the spread of the virus and amending these temporary restrictions accordingly.

We have considered the impact of the restrictions across the jurisdictions we operate in and concluded that the business will remain a Going Concern in the foreseeable future and the consolidated and separate financial statements have been prepared on a Going Concern basis. The Directors have also concluded that no material adjustments are required on the assets and liabilities as a result of the COVID impact.

38. Subsequent Events

On 18 March 2021, a dividend of ₦16.00 per share was proposed by the directors for approval at the Annual General Meeting. There were no events after the reporting date that could have had a material effect on the consolidated and separate financial statements that have not been provided for or disclosed in these financial statements.

DANGOTE CEMENT PLC

FIVE -YEAR FINANCIAL SUMMARY OTHER NATIONAL DISCLOSURE

	2020	2019	2018	2017	2016
	₦'million	₦'million	₦'million	₦'million	₦'million
GROUP BALANCE SHEET					
ASSETS/LIABILITIES					
Property, plant and equipment	1,390,687	1,206,749	1,171,864	1,192,140	1,155,711
Intangible assets	4,554	3,663	5,969	6,355	4,145
Right of use assets	12,594	11,956	-	-	-
Investments	5,711	4,961	4,312	3,749	1,582
Non current prepayments	37,213	51,233	36,383	16,101	13,196
Lease receivables	9,846	11,285	6,475	6,614	-
Net current liabilities	(279,679)	(224,058)	(66,668)	(110,177)	(222,629)
Deferred taxation assets/(liabilities)	(111,272)	(49,073)	(42,728)	(86,273)	(51,856)
Long term debts	(158,908)	(107,279)	(125,725)	(242,894)	(152,475)
Long term payables	-	-	-	-	(17,730)
Employee benefits obligations	(3,581)	-	-	-	-
Other non-current liabilities	(16,195)	(11,500)	(3,269)	(4,255)	(4,416)
NET ASSETS	890,970	897,937	986,613	781,360	725,528
CAPITAL AND RESERVES					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital Contribution	2,877	2,877	2,877	2,877	2,877
Treasury shares	(9,833)	-	-	-	-
Currency Translation Reserve	52,681	55,974	72,605	75,441	78,964
Revenue reserve	779,271	776,839	848,695	639,462	605,662
Non controlling interest	15,024	11,297	11,486	12,630	(12,925)
	890,970	897,937	986,613	781,360	725,528
Turnover, Profit or Loss account					
Turnover	1,034,196	891,671	901,213	805,582	615,103
Profit before taxation	373,310	250,479	300,806	289,590	180,929
Taxation	(97,242)	(49,958)	89,519	(85,342)	(38,071)
Profit after taxation	276,068	200,521	390,325	204,248	142,858
Per share data (Naira):					
Earnings - (Basic & diluted)	16.14	11.79	22.83	11.65	8.78
Net assets	52.29	52.69	57.90	45.85	42.58

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

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

DANGOTE CEMENT PLC

FIVE -YEAR FINANCIAL SUMMARY OTHER NATIONAL DISCLOSURE

COMPANY	2020	2019	2018	2017	2016
	₦'million	₦'million	₦'million	₦'million	₦'million
BALANCE SHEET					
ASSETS/(LIABILITIES)					
Property, plant and equipment	551,926	545,834	535,934	549,962	569,017
Intangible assets	180	69	48	37	113
Right of use	1,164	994	-	-	-
Investments	163,828	163,653	163,653	163,539	80,255
Receivables from subsidiaries	986,423	817,906	715,561	594,783	601,871
Prepayments for property, plant & equipment	19,605	5,690	-	1,600	-
Lease receivables	9,846	11,285	6,475	6,614	-
Net current asset/(liabilities)	(155,525)	(146,378)	983	(56,078)	(210,171)
Deferred taxation (liabilities)/assets	(117,762)	(75,117)	(65,472)	(109,817)	(70,741)
Long term debts	(98,577)	(39,700)	(62,168)	(157,195)	(86,182)
Employee benefits obligations	(3,552)	-	-	-	-
Other non-current liabilities	(5,179)	(1,987)	(1,466)	(2,428)	(2,931)
NET ASSETS	1,352,377	1,282,249	1,293,548	991,017	881,231
CAPITAL AND RESERVES					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital contribution	2,828	2,828	2,828	2,828	2,828
Treasury shares	(9,833)	-	-	-	-
Revenue reserve	1,308,432	1,228,471	1,239,770	937,239	827,453
	1,352,377	1,282,249	1,293,548	991,017	881,231
Turnover, Profit or Loss account					
Turnover	719,945	610,247	618,301	552,364	426,129
Profit before taxation	430,747	315,420	392,223	342,153	355,016
Taxation	(78,138)	(54,071)	89,233	(87,523)	(48,765)
Profit after taxation	352,609	261,349	481,456	254,630	306,251
Per share data (Naira):					
Earnings - (Basic & diluted)	20.69	15.34	28.25	14.94	17.97
Net assets	79.36	75.25	75.91	58.16	51.71

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

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

DANGOTE CEMENT PLC
STATEMENT OF VALUE ADDED
OTHER NATIONAL DISCLOSURE

	Group				Company			
	2020 ₦'million	%	2019 ₦'million	%	2020 ₦'million	%	2019 ₦'million	%
Sales	1,034,196		891,671		719,945		610,247	
Finance Income	29,814		7,610		112,031		47,558	
Other income	4,754		2,980		1,922		1,247	
	1,068,764		902,261		833,898		659,052	
Bought-in-materials and services:								
- Imported	(124,511)		(149,220)		(74,340)		(83,110)	
- Local	(385,453)		(284,845)		(221,232)		(142,322)	
Value added	558,800	100	468,196	100	538,326	100	433,620	100
Applied as follows:								
To pay employees:								
Salaries, wages and other benefits	72,252	13	62,784	14	44,415	8	36,912	9
To pay Government:								
Current taxation	38,065	7	45,879	10	35,493	7	44,426	10
Deferred taxation	38,889	7	5,876	1	22,357	4	11,442	3
To pay providers of capital:								
Finance charges	43,988	8	57,673	12	28,881	5	26,037	6
To provide for maintenance of fixed assets:								
- Depreciation	89,225	16	94,896	20	54,540	10	53,432	12
- Amortization	313	-	567	-	31	-	22	-
Retained in the Group:								
- Non controlling interest	988	-	(414)	-	-	-	-	-
- Profit and loss account	275,080	49	200,935	43	352,609	66	261,349	60
	558,800	100	468,196	100	538,326	100	433,620	100

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