

**CWG PLC**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

# CWG PLC

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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# CWG PLC

## CORPORATE INFORMATION

### FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS	Mr. Philip Obioha Mr. Austin Okere Mr. Abiodun Fawunmi Dr. Olusegun Oso Mr. Wale Agbeyangi Mr. Adewale Adeyipo	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Managing Director/Chief Executive Officer
REGISTERED OFFICE	Block 54A, Plot 10, Adebayo Doherty Road, Off Admiralty Way Lekki Phase 1 Lagos Tel: 01-7406817, 01-8936502 www.cwg-plc.com	
EXTERNAL AUDITORS	PKF Professional Services PKF House, 205A Ikorodu Road Obanikoro, Lagos Lagos, Nigeria. Email: lagos@pkf-ng.com	
SOLICITORS	G. Elias & Co 6, Broad Street Lagos Island, Lagos	
INTERNAL AUDITORS	PwC Landmark Towers 5B, Water Corporation Road Victoria Island Lagos Nigeria E-mail: enquiry@ng.pwc.com	
KEY BANKERS	Globus Bank United Bank for Africa Plc First Bank of Nigeria Limited First City Monument Bank Plc	Stanbic IBTC Bank Plc Standard Chartered Bank Plc Guaranty Trust Bank Plc Zenith Bank Plc
REGISTRAR	Africa Prudential Registrars Plc 220 Ikorodu Road Somolu Palmgroove Bust Stop Lagos Nigeria	
COMPANY SECRETARY	DCSL Corporate Services Limited 235 Ikorodu Road Ilupeju P.O. Box 965 Marina Lagos	

# CWG PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors have pleasure in presenting their report on the affairs of CWG Plc (formerly Computer Warehouse Group Plc) ("the Company") together with its subsidiaries ("the Group"), the audited Consolidated and Separate financial statements of the Group and the Company for the year ended 31 December 2020 and Other National Disclosures.

### LEGAL FORM

CWG Plc (formerly Computer Warehouse Group Plc) was incorporated in Nigeria as a private limited liability company on 1 February 2005 and became a public limited liability company on 15 November 2013. The certificate of incorporation number of the Company is RC 615619.

### PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in integrated information and communications technology services and solutions, IT consultancy, supply, installation, maintenance and support of hardware, software, and managed services.

### STATE OF AFFAIRS

In the opinion of the Directors, the state of the Group and the Company's affairs is satisfactory and there has been no material change since the reporting date, which would affect the Consolidated and Separate financial statements as presented.

### RESULTS FOR THE YEAR

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Revenue	<u>11,715,819</u>	<u>9,566,537</u>	<u>8,692,531</u>	<u>7,090,060</u>
Profit before taxation	<b>547,263</b>	634,008	<b>329,943</b>	591,300
Income tax expense	<u>(104,109)</u>	<u>(561,266)</u>	<u>(34,248)</u>	<u>(547,868)</u>
Profit after taxation	<u><b>443,154</b></u>	<u>72,742</u>	<u><b>295,695</b></u>	<u>43,432</u>

### DIVIDEND

The directors have not recommended any dividend for the year ended 31 December 2020 (2019: Nil).

### PROPERTY, PLANT AND EQUIPMENT

Information relating to movement in property, plant and equipment is shown in Note 16 to the Consolidated and Separate financial statements. In the opinion of the Directors, the market values of the Group and the Company's property plant and equipment are not less than the value shown in these Consolidated and Separate financial statements.

### DIRECTORS INTEREST IN CONTRACTS

None of the Directors has notified the Group and the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 of any disclosable interest in contracts with which the Group and the Company is involved as at 31 December 2020 (2019: Nil).

### DONATIONS

The group and the Company did not make any donation during the year ended 31 December 2020 (2019: Nil).

# CWG PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

### DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Mr. Philip Obioha	Chairman
Mr. Austin Okere	Non-Executive Director
Mr. Abiodun Fawunmi	Non-Executive Director
Dr. Olusegun Oso	Non-Executive Director
Mr. Wale Agbeyangi	Non-Executive Director
Mr. Adewale Adeyipo	Managing Director/Chief

### SHARE HOLDINGS AND SUBSTANTIAL INTEREST IN SHARES

	Number of Shares Holding	%	Nominal Value N
The issued and fully paid share capital of the Company as at 31 December 2020 was beneficially owned as follows:			
Mr. Austin Okere	590,129,287	23.37	295,064,644
Aureos Africa Fund LLC	517,576,289	20.5	258,788,145
Mr. Abiodun Fawunmi	456,077,754	18.06	228,038,877
Mr. Philip Obioha	456,077,754	18.06	228,038,877
Mr. Agbeyangi Babawale	100,000	0.01	50,000
Others	504,865,275	20	252,432,637
	<u>2,524,826,359</u>	<u>100</u>	<u>1,262,413,180</u>

The issued and fully paid share capital of the Company as at 31 December 2019 was beneficially owned as follows:

Mr. Austin Okere	590,129,287	23.37	295,064,644
Aureos Africa Fund LLC	517,576,289	20.5	258,788,145
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Mr. Philip Obioha	456,077,754	18.06	228,038,877
Mr. Agbeyangi Babawale .	100,000	0.01	50,000
Others	504,865,275	20	252,432,637
	<u>2,524,826,359</u>	<u>100</u>	<u>1,262,413,180</u>

### DIRECTORS' INTERESTS

Directors' interests in the issued share capital of the Company are as disclosed above.

CWG PLC

## REPORT OF THE DIRECTORS

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### EMPLOYMENT AND EMPLOYEES

##### 1. Employment of Physically Challenged Persons

It is the Group and the Company's policy that there is no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers. The group and the Company has no physically challenged person in her employment as at 31 December 2020 (2019:1).

##### 2. Welfare

The company is registered with a Health Management Organisation (HMO) – (Hallmark HMO). Staff, Spouse and 4 children choose a primary health care provider, where cases of illness are referred for treatment.

##### 3. Training

The group and the Company attaches great importance to training and all categories of staff attend courses or seminars as considered necessary by the Group and the Company's management.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include, bonuses, promotions and wage reviews.

#### FINANCIAL COMMITMENTS

The directors are of the opinion that all known liabilities and commitments have been taken into account. These liabilities are relevant in assessing the Group and the Company's state of affairs.

#### EVENTS AFTER REPORTING DATE

As stated in Note 31, there are no events or transactions that have occurred since the reporting date which would have a material effect on the Consolidated and Separate financial statements as presented.

#### FORMAT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Consolidated and Separate financial statements of CWG Plc have been prepared in accordance with the reporting and presentation requirements of the Companies and Allied matters Act, CAP C20, Laws of the Federation of Nigeria, 2004 and are in compliance with the International Financial Reporting Standards issued by International Accounting Standards Board and the requirements of Financial Reporting Council of Nigeria Act No 6, 2011. The director considers that the format adopted is the most suitable for the Group and the Company.

#### AUDITORS

PKF Professional Services served as Auditors during the year under review and have indicated their willingness to continue in office as Auditors of the Company in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. A resolution will be proposed at the Annual General Meeting authorizing the Directors to fix their remuneration

#### BY ORDER OF THE BOARD

D CSL Corporate Services Limited

  
Anne Agbo  
FRC/2013/NBA/00000000855  
Lagos, Nigeria

2021

# **CWG PLC**

## **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

CWG Plc is committed to the highest standards of Corporate Governance to ensure proper oversight of the Group and the Company operations and to create long term sustainable value for all shareholders and stakeholders. In line with best practices, there is a separation of power between the Chairman and the Group CEO, as well as a unique blend of Executive and Non-Executive Directors. The individual and collective academic qualifications and wealth of diverse skills and experience of the Board ensure independent thought and exceptional decision making.

The board of directors in driving the strategic direction of the Group and the Company ensures continual building of strong and stable relationships with shareholders, stakeholders and the community at large.

The company is publicly quoted on the Nigerian Stock Exchange and affirms its commitment to increasing shareholder value through open and transparent Corporate Governance Practices.

### **THE BOARD**

The board is committed to best practices of Corporate Governance in carrying out its responsibility of determining the strategic objectives and policies of the Group and the Company. The Board is accountable to the shareholders and is responsible for creating and delivering sustainable value through proper management of the Group and the Company's affairs. The Board also provides oversight on senior management of the Group and the Company.

### **COMPOSITION OF THE BOARD**

As at the date of this Report, the Board comprises of the Chairman, One (1) Executive Director and Four (4) Non-Executive Directors.

The board carries out its oversight functions using its various Board Committees. This ensures efficiency and allows for deeper attention to targeted matters for the Board. The Committees are set up in line with best practices and have well defined terms of reference defining their scope and responsibilities. The committees meet quarterly and additional meeting are convened as required.

### **BOARD COMMITTEES:**

The Board Committees were reconstituted as follows - Finance and General-Purpose Committee, Risk Management and Audit Committee, Remuneration & Nominations Committee. The board carries out its oversight functions through the committees

### **FINANCE AND GENERAL PURPOSE COMMITTEE**

The committee comprises five (5) members and is responsible for the review of the Company's accounting policies, quarterly Management Accounts, Audited Financial Statements, yearly budgets, banking facilities, etc.

### **MEMBERSHIP OF THE COMMITTEE:**

Dr. Olusegun Oso - Chairman  
Mr. Austin Okere  
Mr. Abiodun Fawunmi  
Mr. Wale Agbeyangi  
Mr. Adewale Adeyipo

# **CWG PLC**

## **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

### **RISK MANAGEMENT & AUDIT COMMITTEE:**

The Committee is made up of five (5) members. The Committee is responsible for the review and recommendation of the risk management policies and framework for the approval of the Board. The Committee assists the Board in its oversight of risk management and reviews the effectiveness of the Company's system of accounting and internal control. The Committee also oversees compliance related matters.

### **MEMBERSHIP OF THE COMMITTEE:**

Mr. Abiodun Fawunmi- Chairman  
Mr. Austin Okere  
Dr. Olusegun Oso  
Mr. Wale Agbeyangi  
Mr. Adewale Adeyipo

### **REMUNERATION AND NOMINATIONS COMMITTEE:**

The Committee is made up of four (4) members. The Committee is responsible for Board nomination and remuneration, succession planning, setting Key Performance Indicators and assessment of performance for the Executive Directors. It also oversees matters on Human Resources, the recruitment, assessment of the performance of Senior Management employees and all other issues relating to the Company and staff welfare. The Committee is also responsible for providing a formal, clear and transparent framework for the Company's remuneration policies and procedures.

### **MEMBERSHIP OF THE COMMITTEE:**

Mr. Wale Agbeyangi - Chairman  
Mr. Abiodun Fawunmi  
Mr. Austin Okere  
Dr. Olusegun Oso

### **STATUTORY AUDIT COMMITTEE:**

The statutory Audit Committee in line with Section 359 (5) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 is mandated to examine the Auditor's report and make recommendations thereon to the General Meeting. The committee consists of six (6) members.

### **MEMBERSHIP OF THE STATUTORY AUDIT COMMITTEE:**

Mr Akinsola Akinyemi – Chairman  
Alhaji Wahab Ajani  
Mr. Robert Ibekwe  
Dr. Olusegun Oso  
Mr. Abiodun Fawunmi  
Mr. Wale Agbeyangi

### **TRADING POLICY**

The company has complied with the provisions of Section 14 of the Amended Listing Rules of the Nigerian Stock Exchange by adopting a code of conduct regarding securities transactions by its Directors and all Staff. All Directors and all Staff have complied with Listing rules and the Issuer's code of conduct regarding securities transactions.

## CWG PLC

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, requires the Directors to prepare consolidated financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the group:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the companies and allied matters act, CAP C20, Laws of the Federation of Nigeria, 2004;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

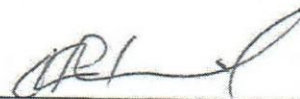
The Directors accept responsibility for the annual consolidated financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004.

The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit for the year ended 31 December 2020. the Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated financial statements, as well as adequate systems of internal financial control.

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

  
Mr. Adewale Adeyipo (MD/CEO)  
FRC/2019/IODN/00000019283

Date: 19 March 2021

  
Mr. Philip Obioha (Chairman)  
FRC/2013/IODN/00000003269

Date: 19 March 2021

**CWG PLC**

**REPORT OF THE AUDIT COMMITTEE**

**FOR THE YEAR ENDED 31 DECEMBER 2020**


In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, CAP C20, LFN 2004, the members of the Audit Committee of CWG Plc ("the Company") hereby report as follows:

- i. We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, CAP C20, LFN 2004 and acknowledge the cooperation of management and staff in the conduct of these responsibilities.

- ii. We are of the opinion that the accounting and reporting policies of the Group and the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2020 were satisfactory and reinforce the Group and the Company's internal control systems.

- iii. We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group and the Company's system of accounting and internal control.

Dated March 2021



Chairman, Audit Committee  
Mr. Akinsola Akinyemi  
FRC/2016/ICAN/00000015869

**MEMBERS OF THE COMMITTEE**

Alhaji Wahab Ajani  
Mr. Robert Ibekwe  
Dr. Olusegun Oso  
Mr. Abiodun Fawunmi  
Mr. Wale Agbeyangi

## Independent Auditor's Report

### To the Members of CWG Plc

#### Opinion

We have audited the consolidated financial statements of **CWG Plc ("the Company") and its subsidiaries ("the Group")**, which comprise the consolidated statement of financial position at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

#### 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 financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report. The key audit matters below relate to the audit of the consolidated financial statements.

Key Audit Matters	How the matters were addressed in the audit
<p><b>1. Impairment of trade and other receivables</b></p> <p>The allowance for impairment of trade and other receivables is a key judgement area for our audit due to level of subjectivity inherent in estimating the impact of key assumptions on the recoverability of receivables.</p> <p>Significant management judgement is required to determine the recoverability of these receivables.</p> <p>The group and the company applied IFRS 9 on Financial instruments which is based on the use of Expected Credit Loss (ECL) model in the determination of allowance to be made on uncollectible trade receivables.</p>	<p>We obtained understanding of the estimation process, evaluated and reviewed the controls over impairment such as monitoring performance of receivables and early identification of impairment triggers.</p> <p>We assessed the reasonableness and design of impairment methodology used by the management whether it conform to IFRS 9 standard.</p> <p>We ensured ECL computation is in line with company's accounting policy and IFRS 9 Financial instrument.</p> <p>We recalculate the ECL provision in line with the company policy and IFRS and ensured that the current year ECL adjustment passed on trade receivables balances are appropriate.</p> <p>We ensured proper disclosure in the financial statements in conformity with IFRS 9 disclosures.</p>

### Other Matter

The financial statements of CWG Plc for the year ended 31 December 2019, was signed by another auditor who expressed an unmodified opinion on those financial statements on 21 May 2020.

### Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated 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 financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

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

### **Responsibilities of the Directors and Those Charged with Governance for the Consolidated Financial Statements**

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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


- Conclude on the appropriateness of the director's 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'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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 the 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, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

The engagement partner on the audit resulting in the independent auditors report is Olatunji Ogundeyin.

  
**Olatunji Ogundeyin, FCA,**  
FRC/2013/ICAN/00000002224  
For: **PKF Professional Services**  
Chartered Accountants  
Lagos, Nigeria

**Dated: 19 March 2021**




# CWG PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
<b>Non-current assets</b>					
Property, Plant & Equipment	16	447,028	514,432	440,377	499,439
Right of use asset	26.2	72,627	114,015	66,955	99,400
Intangible Asset	17	156,073	241,501	156,073	241,501
Investment in Subsidiaries	18	-	-	273,284	273,284
Deferred tax assets	14.5.1	623	-	-	-
Financial assets measured at FVOCI	19	11,365	13,553	11,365	13,553
<b>Total non-current assets</b>		<b>687,715</b>	<b>883,501</b>	<b>948,054</b>	<b>1,127,177</b>
<b>Current assets</b>					
Inventories	20	585,515	773,946	585,515	773,946
Trade and other receivables	21	5,299,040	5,550,695	4,649,282	4,641,659
Income tax receivables	14.3.1	17,163	47,897	-	-
Prepayments	22	630,365	647,816	613,605	518,828
Cash and cash equivalents	23	832,557	438,356	497,002	358,416
<b>Total current assets</b>		<b>7,364,640</b>	<b>7,458,710</b>	<b>6,345,404</b>	<b>6,292,849</b>
<b>Total assets</b>		<b>8,052,355</b>	<b>8,342,211</b>	<b>7,293,458</b>	<b>7,420,026</b>
<b>Equity and reserves</b>					
Issued share capital	24.1	1,262,413	1,262,413	1,262,413	1,262,413
Share premium	24.2	1,852,748	1,852,748	1,852,748	1,852,748
Accumulated losses	24.3	(2,455,582)	(2,898,736)	(2,498,515)	(2,794,210)
Fair value reserve of financial assets at FVOCI	24.4	3,974	6,162	3,974	6,162
Foreign currency translation reserve	24.5	(103,345)	(30,667)	-	-
<b>Total equity and reserves</b>		<b>560,208</b>	<b>191,920</b>	<b>620,620</b>	<b>327,113</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	14.3	2,098	2,775	-	-
Lease liability	27	20,110	35,978	20,110	35,978
<b>Total non-current liabilities</b>		<b>22,208</b>	<b>38,753</b>	<b>20,110</b>	<b>35,978</b>
<b>Current liabilities</b>					
Trade and other payables	25	6,762,143	7,188,358	6,074,676	6,425,808
Lease liability	26	32,972	67,844	27,626	53,566
Interest bearing loans and borrowings	27	264,794	409,127	146,426	256,574
Income tax payable	14.4	130,851	99,337	124,821	95,573
Contract liability	28	279,179	346,872	279,178	225,414
<b>Total current liabilities</b>		<b>7,469,939</b>	<b>8,111,538</b>	<b>6,652,727</b>	<b>7,056,935</b>
<b>Total Liabilities</b>		<b>7,492,147</b>	<b>8,150,291</b>	<b>6,672,837</b>	<b>7,092,913</b>
<b>Total equity and liabilities</b>		<b>8,052,355</b>	<b>8,342,211</b>	<b>7,293,458</b>	<b>7,420,026</b>

The consolidated financial statements were approved by the Board of Directors on 19 March 2021 and signed on its behalf by:

  
Mr. Adewale Adeyipo (MD/CEO)  
FRC/2019/IODN/00000019283

  
Mr. Philip Obioha (Chairman)  
FRC/2013/IODN/00000003269

  
Mr. Afolabi Sobande (CFO)  
FRC/2020/001/00000021960

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

# CWG PLC

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
Revenue	7	11,715,819	9,566,537	8,692,531	7,090,060
Cost of sales	8	(9,080,002)	(7,241,345)	(6,638,481)	(5,215,724)
<b>Gross Profit</b>		<b>2,635,817</b>	2,325,192	<b>2,054,050</b>	1,874,336
Other income	9	132,550	1,139,175	37,853	1,097,461
Administrative expenses	10	(2,099,710)	(2,533,078)	(1,652,834)	(2,074,194)
Exchange loss	11	(24,615)	(224,551)	(32,340)	(245,864)
Finance costs	12	(97,283)	(73,121)	(77,290)	(60,830)
Finance income	13	504	391	504	391
<b>Profit before tax</b>		<b>547,263</b>	634,008	<b>329,943</b>	591,300
Income tax expenses	14	(104,109)	(561,266)	(34,248)	(547,868)
<b>Profit for the year</b>		<b>443,154</b>	72,742	<b>295,695</b>	43,432
<b>Other comprehensive income</b>					
Net loss on financial assets-FVOCI		(2,188)	-	(2,188)	-
Translation of foreign entities	24.5	(72,678)	4,367	-	-
<b>Other comprehensive income for the year - net of tax</b>		<b>(74,866)</b>	4,367	<b>(2,188)</b>	-
<b>Total comprehensive income for the year - net of tax</b>		<b>368,288</b>	77,109	<b>293,507</b>	43,432
<b>EPS</b>		<b>0.18</b>	0.03	<b>0.12</b>	0.02

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

# CWG PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	N'000	N'000	N'000	N'000
<b>Cash flows from operating activities</b>					
Profit for the year		443,154	72,742	295,695	43,432
<b>Adjustment for:</b>					
Depreciation of property, plant and equipment	16	120,051	108,100	109,630	96,269
Depreciation of right-of-use assets	26.2	71,599	68,888	62,656	60,305
Amortisation of intangible assets	17	85,428	8,821	85,428	8,821
Impairment of right-of-use assets	26.2	-	7,500	-	7,500
Impairment on receivables	21.3	2,624	-	2,624	-
Write back of expected credit losses – receivables & related party	9	(717)	(119,574)	(717)	(120,616)
Write back of expected credit losses – contract assets	9	5,467	(4,042)	5,467	(4,042)
Goodwill impairment		-	185,726	-	185,726
Income tax expense	14.1	104,109	561,266	34,248	547,868
Finance income	13	(504)	(391)	(504)	(391)
Finance cost	12	97,283	73,121	77,290	60,830
Transfer to inventory	16	3,517	-	3,517	-
Net foreign exchange differences		(31,963)	403	-	-
Profit on disposal of PPE	9	(10,947)	(2,535)	(10,947)	(2,535)
		889,101	960,025	664,388	883,167
<b>Changes in:</b>					
Deferred tax assets		(1,300)	-	-	-
Trade and other receivables	21	244,281	701,932	(14,997)	1,249,187
Prepayments	22	17,451	(438,473)	(94,777)	(408,784)
Restricted Cash	23.1	282,229	93,926	282,229	93,926
Inventories	20	188,431	920,129	188,431	835,707
Trade and other payables	25	(426,215)	(1,174,594)	(351,132)	(1,619,036)
Contract liabilities	28	(67,693)	(389,021)	53,764	(426,468)
<b>Cash generated from operating activities</b>		<b>1,126,285</b>	<b>673,924</b>	<b>727,906</b>	<b>607,699</b>
Income tax paid	14.4	(72,595)	(4,813)	(5,000)	-
<b>Net cash from operating activities</b>		<b>1,053,690</b>	<b>669,111</b>	<b>722,906</b>	<b>607,699</b>
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment	16	(68,973)	(181,413)	(65,420)	(180,872)
Purchase of right-of-use assets	26.2	(30,211)	(50,800)	(30,211)	(50,800)
Acquisition of intangible assets	17	-	(235,949)	-	(235,949)
Proceeds from sale of property, plant and equipment	16	22,282	2,535	22,282	2,535
Interest received	13	504	391	504	391
<b>Net cash used in investing activities</b>		<b>(76,398)</b>	<b>(465,236)</b>	<b>(72,845)</b>	<b>(464,695)</b>
<b>Cash flows from financing activities:</b>					
Additional loan	27.2	1,607,591	268,684	1,538,400	237,000
Repayment of loan principal	27	(1,748,728)	(260,041)	(1,636,542)	(260,041)
Lease obligation repayment	26.1	(50,434)	(71,693)	(41,808)	(60,192)
Interest paid	24	(97,283)	(62,783)	(77,290)	(53,382)
<b>Net cash used in financing activities</b>		<b>(288,854)</b>	<b>(125,833)</b>	<b>(217,240)</b>	<b>(136,615)</b>
<b>Net increase in cash and cash equivalents</b>		<b>688,438</b>	<b>78,042</b>	<b>432,821</b>	<b>6,389</b>
Net foreign exchange difference		-	3,049	-	-
Cash and cash equivalents at 1 January		136,553	55,462	56,613	50,224
<b>Cash and cash equivalents at 31 December</b>	23	<b>824,991</b>	<b>136,553</b>	<b>489,434</b>	<b>56,613</b>

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

# CWG PLC

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

### Attributable to equity holders- the Group

	Issued share capital N'000	Share premium N'000	Accumu- lated losses N'000	Fair value reserve of financial assets at N'000	Foreign currency translation N'000	Total N'000
<b>At 1 January 2019</b>	<b><u>1,262,413</u></b>	<b><u>1,852,748</u></b>	<b><u>(2,971,646)</u></b>	<b><u>6,162</u></b>	<b><u>(35,034)</u></b>	<b><u>114,643</u></b>
<b>Changes in equity for 2019:</b>						
Profit for the year	-	-	72,742	-	-	72,742
Effect of adoption of new accounting standard – IFRS 16	-	-	168	-	-	168
Other comprehensive income for the year	-	-	-	-	4,367	4,367
<b>At 31 December 2019</b>	<b><u>1,262,413</u></b>	<b><u>1,852,748</u></b>	<b><u>(2,898,736)</u></b>	<b><u>6,162</u></b>	<b><u>(30,667)</u></b>	<b><u>191,920</u></b>
<b>At 1 January 2020</b>	<b><u>1,262,413</u></b>	<b><u>1,852,748</u></b>	<b><u>(2,898,736)</u></b>	<b><u>6,162</u></b>	<b><u>(30,667)</u></b>	<b><u>191,920</u></b>
<b>Changes in equity for 2020:</b>						
Profit for the year	-	-	443,154	(2,188)	(72,678)	368,288
Other comprehensive income for the year	-	-	-	-	-	-
<b>31 December 2020</b>	<b><u>1,262,413</u></b>	<b><u>1,852,748</u></b>	<b><u>(2,455,582)</u></b>	<b><u>3,974</u></b>	<b><u>(103,345)</u></b>	<b><u>560,208</u></b>

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

# CWG PLC

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

### Attributable to equity holders- the Company

	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Fair value reserve of financial assets at FVOCI N'000	Total N'000
<b>1 January 2019</b>	<u>1,262,413</u>	<u>1,852,748</u>	<u>(2,837,642)</u>	<u>6,162</u>	<u>283,681</u>
<b>Changes in equity for 2019:</b>					
Profit for the year	-	-	43,432	-	43,432
Other comprehensive income for the year; net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 December 2019</b>	<u><b>1,262,413</b></u>	<u><b>1,852,748</b></u>	<u><b>(2,794,210)</b></u>	<u><b>6,162</b></u>	<u><b>327,113</b></u>
<b>1 January 2020</b>	<u><b>1,262,413</b></u>	<u><b>1,852,748</b></u>	<u><b>(2,794,210)</b></u>	<u><b>6,162</b></u>	<u><b>327,113</b></u>
<b>Changes in equity for 2020:</b>					
Profit for the year	-	-	295,695	-	295,695
Other comprehensive income for the year; net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,188)</u>	<u>(2,188)</u>
<b>31 December 2020</b>	<u><b>1,262,413</b></u>	<u><b>1,852,748</b></u>	<u><b>(2,498,515)</b></u>	<u><b>3,974</b></u>	<u><b>620,620</b></u>

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

# CWG PLC

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

### 1. General information

#### 1.1 The Group

These consolidated financial statements comprise the financial statements of CWG Plc (referred to as "the company" and its subsidiaries (together referred to as "the group"). CWG Plc (the Company) is a limited liability company incorporated and domiciled in Nigeria and became public by listing on 15 November 2013. The registered office is located at Block 54A, Plot 10, Adebayo Doherty Road, off Admiralty Road, Lekki Phase 1, Lagos State in Nigeria.

#### 1.2 Principal activities

The group and the Company is principally engaged in the supply, installation, integration, maintenance and support of computer equipment, e-payment hardware and ancillary equipment.

### 2. Basis of preparation

#### 2.1 Statement of compliance with IFRSs

These consolidated financial statements are the financial statements of the company and its subsidiaries (together, "the group"). The consolidated financial statements for the year ended **31 December 2020** have been prepared in line with IFRS 10 on Consolidated Financial Statements in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

Additional information required by local regulators are included where appropriate.

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

#### 2.1.2 Basis of measurement

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the company's financial statements present the financial position and results fairly.

#### 2.1.3 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the group's consolidated financial statements present the financial position and results fairly.

### 2.2 Going concern consideration

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore the financial statements are prepared on the going concern basis.

# CWG PLC

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

### 2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group and the Company in preparing its consolidated and separate financial statements.

#### 2.3.1 Goodwill

Goodwill was acquired through combination of the following entities in 2013:

- Computer Warehouse Group Limited (Now CWG Plc)
- CWL Systems Limited
- DCC Networks Limited
- Expertedge Software Limited.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit and loss immediately.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group and the Company's Cash Generating Units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### 2.3.2 Foreign currencies

The group's consolidated financial statements are presented in Naira, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

##### i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other

##### ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at

# CWG PLC

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

exchange rates ruling at the dates of translation or at average rate for the period as an approximation of the exchange rates at the date of transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation, recognised in other comprehensive income and accumulated in the separate component

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation. Thus, they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate in accordance with the provisions of IAS

### **2.3.3 Revenue from contracts with customers (IFRS 15)**

The group and the Company is principally engaged in the supply, installation, integration, maintenance and support of hardware, software, consultancy, communications and managed services. The major streams of revenue for the Group and the Company are highlighted below:

- a) IT Infrastructure Services
- b) Communications and Integrated Services
- c) Managed and Support Services
- d) Software

#### **2.3.3a IT Infrastructure Services**

Revenue from IT Infrastructure Services is subdivided into Sale of equipment and IT Infrastructure Support Services.

Revenue from sale of equipment is recognised at a point in time when control is transferred to the customer. The normal credit term is 30 to 90 days upon delivery.

The group and the Company consider whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, etc.).

In determining the transaction price, the Group and the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Revenue from support services is recognised over time as control is transferred to the customer, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company. The normal credit term is 30 to 90 days upon delivery.

The group and the Company consider whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, etc.).

In determining the transaction price, the Group and the Company consider the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### **2.3.3b Communication and Integrated Services**

The group and the Company provides connectivity services to customers. The group and the Company assesses connectivity services as a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

# CWG PLC

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

The group and the Company recognises revenue from connectivity services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company. The group and the Company determines that it is an agent in these agreements.

### **2.3.3c Managed Support Services**

The group and the Company provides support services such as Software support, Hardware Support, Performance Monitoring, On-site Technical Support and Maintenance Services. The services represent a series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

The group and the Company recognises revenue from managed support services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the

### **2.3.3d Software**

The group and the Company provides support services to customers. The group and the Company recognises revenue from software support services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company.

The group and the Company is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group and the Company's role is only to arrange for another entity to provide the goods or services, then the Group and the Company is an agent and will need to record revenue at the net amount that it retains for its agency services. The group and the Company determines that it is an agent in these agreements.

### **Identifying performance obligations**

At contract inception, the Group and the Company assess the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In arriving at the performance obligations, the Group and the Company assessed the services as capable of being distinct and as distinct within the context of the contract after considering the

1. If the customer can benefit from the individual good or service on its own.
2. If the customer can use the good or service with other readily available resources
3. If multiple promised goods or services work together to deliver a combined output(s)
4. Whether the good or service is integrated with, highly interdependent on, highly interrelated with, or significantly modifying or customising, other promised goods or services in the contract

### **Variable consideration**

If the consideration in a contract includes a variable amount, the Group and the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for services contain penalties which may give rise to a reduction in the amount receivable from the customer, hence, variable consideration.

# CWG PLC

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

### **Significant financing component**

Generally, the Group and the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group and the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

### **Contract balances**

#### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### **Trade receivables**

A receivable represents the Group and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

#### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company performs under the contract.

### **2.3.4 Taxes**

#### **Current income tax**

Current income tax and education tax for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the entities operate and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income, respectively and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where

#### **Deferred tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# CWG PLC

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or

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

### **2.3.5. Property, plant and equipment**

Property, plant and equipment (PPE) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and

# CWG PLC

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the components of each item of Property, plant and equipment as follows:

<b>PPE Class</b>	<b>%</b>
Buildings	2
Furniture and fittings	25
Office equipment	33 <sup>1</sup> / <sub>3</sub>
Communication equipment	25
Motor vehicles	25
Building improvement	25
Plant & machinery	25
Loose tools	25
Service option equipment	33 <sup>1</sup> / <sub>3</sub>
Land	Not depreciated
ATM	25

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is

The residual values, useful lives and methods of depreciation of each item of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.3.6 Leases

#### Policy subsequent to 1 January 2019

The group and the Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The group and the Company as a lessee

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

##### i) Right-of-use assets

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

<b>Assets</b>	<b>Lease period</b>
Guest houses	2 years
Office buildings	2-3 years

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.10 for Impairment of non-financial assets.

### **ii) Lease liabilities**

At the commencement date of the lease, the Group and the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to

**Refer to Note 27 for more details on the Group and the Company's lease liabilities.**

### **iii) Short-term leases and leases of low-value assets**

The group and the Company applies the short-term lease recognition exemption to its short-term leases of warehouses and guesthouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The group and the Company does not have any leased assets categorised as low-value assets (i.e. of a value of N2 million). Lease payments on short-term leases are recognised as expense on a straight-line basis

## **Leases**

### **Policy prior to 1 January 2019**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### **The group/ the Company as a lessee**

Finance leases that transfer to the Group and the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

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

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-

### **2.3.7 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The software is amortised using a straight-line method over a period of 3 – 5 years. As at 31 December 2019, the Group and the Company did not have any indefinite intangible assets. Intangible assets with finite useful lives are reviewed at the end of the reporting period.

### ***Licences***

Licences represent the cost of an operating licence obtained from the Nigerian Communication Commission (NCC) for a period of 10 years. Upon expiration of the license terms, the Group and the Company may renew the licence with NCC. Licence fees are amortised over a period of 10 years.

### **2.3.8 Financial instruments (IFRS 9)**

#### **Financial instruments (Recognition and measurement)**

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.

#### **i) Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group and the Company's business model for managing them. Apart from trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value

Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at

The group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commits to purchase or sell the asset.

### **ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

#### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group and the Company. The group and the Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group and the Company's financial assets at amortised cost includes trade receivables, cash and short-term deposits, intercompany receivable and equity instruments.

#### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group and the Company can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group and the Company elected to irrevocably classify its listed equity investments under this category.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group and the Company's Consolidated and Separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The group and the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred

When the Group and the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

### **Impairment of financial assets**

The group and the Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic

The group and the Company considers a financial asset in default when contractual payments are over 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group and the Company.

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **ii) Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.

The group and the Company's financial liabilities include loans and borrowings, trade and other payables, and intercompany payables.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities measured at amortised cost**

This is the category most relevant to the Group and the Company. After initial recognition, financial liabilities measured at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or

### **iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **2.3.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Purchase cost on a first in, first out basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **2.3.10 Impairment of non-financial assets**

The group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimates the asset's recoverable amount. An asset's

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

recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These

The group and the Company base its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group and the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior

The following criteria are also applied in assessing impairment of specific assets:

### **Goodwill**

Goodwill is tested for impairment annually at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### **2.3.11. Cash and cash equivalents**

Cash and short-term deposits in the Consolidated and Separate statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less from the date of acquisition. For the purpose of the cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### **2.3.12 Dividend Distributions**

The group and the Company recognises dividends when the distribution is authorised and is no longer at the discretion of the Group and the Company.

### **2.3.13 Provisions**

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a

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

### 2.3.14. Employee Benefits

Employee benefits are all forms of benefits given in exchange for services rendered by employees. These are classified as:

- a) Short-term employee benefits - benefits due to be settled within 12 months after the end of the period in which the employees rendered the related services;
- b) Post-employment benefits are benefits payable after the completion of employment. Such plans (or funds) may be either defined contribution funds or defined benefit funds.
- c) Termination benefits are employee benefits payable as a result of either the Group and the Company's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

#### Short-term benefits

The cost of all short-term employee benefits, such as salaries, profit sharing arrangements, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The group and the Company recognises the expected cost of bonuses only when the Group and the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made. During the year, the Group and the Company contributed to employee benefits in the following categories: - remuneration in the form of salaries, wages and bonuses.

#### Post-employment Retirement Benefit Funds

In line with statutory pension/retirements laws, the Group and the Company and its employees contribute to statutory retirement benefits plans for the benefits of its qualifying staff. The Funds which are defined contribution plans are independently administered with no obligations on the Group and the Company other than the defined contribution as a percentage of employees' qualifying remunerations. Both employees' and the Group and the Company's share of the contributions are charged as staff cost in the administrative expenses in the statement of profit or

#### Termination benefits

The group and the Company recognises termination benefits as a liability and an expense when it is demonstrably committed to either:

- a) terminate the employment of an employee or group of employees before the normal retirement date
- b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy

Termination benefits are recognised as expense in the period they arise. The group and the Company had no termination benefit commitments during the year.

### 2.3.15 Segment reporting

The group and the Company identifies segments as components of the Group and the Company that engage in business activities from which revenues are earned and expenses incurred. The segments' operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available. The identification of operating segments is on the basis of internal reports that are regularly reviewed by the entity's Chief Operating Decision Maker in order to allocate resources to the segment and assess its performance. The group and the Company has identified the Managing Director/ Chief Executive Officer as the Chief Operating

#### Measurement of segment information

The amount reported for each operating segment is based on the measure reported to the Chief Operating Decision Maker for the purposes of allocating resources to the segment and assessing its

# CWG PLC

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

### 2.3.16 Fair value measurement

The group and the Company has financial instruments measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the

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

The principal or the most advantageous market must be accessible by the Group and the Company.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated and separate financial statements at fair value on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting

### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Group and the Company's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability

#### Judgements

In the process of applying the Group and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements.

# CWG PLC

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

### **Revenue from contracts with customers**

The group and the Company applied the following judgements. These judgements will significantly affect the determination of the amount and timing of revenue from contracts with customers:

### **Determining the timing of satisfaction of Sale of Products**

The group and the Company concluded that revenue from sale of products to customers will be recognised at a point in time because control is transferred at a point in time.

The group and the Company has assessed that there is a direct relationship between the Group and the Company's measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

### **Determining the timing of satisfaction of Rendering of Services**

The group and the Company concluded that revenue from services is recognised over time as control is transferred to the customer, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company.

### **Determining method to estimate variable consideration and assessing the constraint**

Certain contracts for the provision managed support services and software support include penalties for downtime that give rise to variable consideration. In estimating the variable consideration, the Group and the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will

The group and the Company determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the provision managed support services and software support, given the large number of customer contracts that have similar

Before including any amount of variable consideration in the transaction price, the Group and the Company considers whether the amount of variable consideration is constrained. The group and the Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

### **Motor vehicle lease classification – The group/ the Company as lessee**

The group and the Company has entered into motor vehicle lease arrangements. The group and the Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term constituting a major part of the economic life of the motor vehicles and the present value of the minimum lease payments amounting to substantially all of the fair value of the motor vehicles, that it retains all the significant risks and rewards of ownership of these motor vehicles and accounts for the contracts as finance leases.

### **Going concern**

The group and the company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group and the Company's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

# CWG PLC

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

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group and the Company based its assumptions and estimates on parameters available when the consolidated and separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they

### **Financial Instruments**

#### **Provision for expected credit losses of trade receivables and contract assets**

The group and the Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group and the Company's historical observed default rates. The group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group and the Company's trade and other receivables and contract assets is disclosed in Note 22.

#### **Fair value measurement of financial instruments – Financial Assets**

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

#### **Fair value measurement – Non Financial Assets**

Fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

# CWG PLC

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

### **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **Goodwill impairment**

The management determination of value in use involves estimate of future cash flows that the entity expects to derive from the use of the asset, expectations about possible variation in the amount or timing of those future cash flows; the time value of money, represented by the current market risk free rate of interest; the price of bearing the uncertainty inherent in the assets and other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the Group and the Company expects to derive from the use of the asset.

### **Re-assessment of useful lives and residual values**

The group and the Company carried its property, plant and equipment (PPE) at cost in the consolidated and separate statement of financial position. The annual review of the useful lives and residual value of PPE result in the use of significant management judgements.

### **Discount rate used to determine the incremental borrowing rate**

The group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group and the Company's functional currency).

The group and the Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group and the Company's stand-alone credit rating).

The group and the Company estimates the IBR using the following steps:

Step 1: Reference rate: This is generally a government bond reflecting risk free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the

Step 2: Financing spread adjustment: Use of credit spreads from debt with the appropriate term by considering Group/ Company's stand-alone credit rating or similar Group/ Company credit rating.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to sense-check the overall IBRs calculated.

## **4. New standards, amendments and interpretations issued but not yet effective**

### **4.1 Summary of new and amended standards issued and effective from January 2020**

#### **a) Amendments to IFRS 9 and IFRS 7: Interest Rate Benchmark Reform and the effects on financial reporting**

The amendments applicable to annual periods beginning on or after January 1, 2020, with early application permitted. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as Inter-bank Offered Rates (IBORs). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by

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

### **b) Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

### **4.1.1 Standards Issued and Effective on or after 1 January 2020**

#### **a) Amendments to IAS 1: Classification of Liabilities as Current or Non-Current**

The amendments applicable to annual periods beginning on or after 1 January 2023, aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

#### **b) Amendments to IAS 16: proceeds before intended use**

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. It amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

#### **c) Amendments to IAS 37: Onerous contracts**

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or 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).

#### **d) Amendments to IFRS 16: COVID-19-related rent concessions**

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports. The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:

- 1) provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- 2) require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- 3) require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period

The main change from the proposal in the exposure draft is that the IASB had proposed that the practical expedient should only be available for lease payments originally due in 2020. However, after having considered the feedback to the exposure draft, the IASB decided to extend this period to June 2021 to also capture rent concessions granted now and lasting for 12 months.

### **4.1.2 Interpretations Issued and Effective on or after 1 January 2020**

#### **a) IFRS 9 Financial Instruments**

This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

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### **b) IFRS 16 Leases**

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

Amendments relating to long term interest in associates and joint ventures.

### **c) Annual Improvements 2018-2020 Cycle:**

- IFRS 1, First-time Adoption of International Financial Reporting Standards
- IFRS 9, Financial Instruments
- IFRS 16, Leases
- IAS 41, Agriculture

### **5. Financial risk management objectives and policies**

The group and the Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The group and the Company also holds financial assets measured at Fair value through other comprehensive income.

The group and the Company's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group and the Company's operations and to provide guarantees to support its operations.

The group and the Company is exposed to market risk, credit risk and liquidity risk. The group and the Company's senior management oversees the management of these risks. The group and the Company's risk management is governed by the Board, through the Board Financial, Risk and Audit committee (FARCOM).

The board of directors reviews and agrees policies for managing each of these risks, which are summarised below:

#### **5.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include: current loans and borrowings, deposits, financial instruments designated at fair value through OCI.

##### **5.1.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group and the Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's short-term debt obligations with floating interest rates. The group and the Company's policy is to keep floating rate borrowings only under exceptional circumstances, where the risks are thoroughly considered and approved.

##### **5.1.2 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group and the Company's

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

operating activities (when revenue or expense is denominated in a different currency from the Group and the Company's functional currency) and the Group and the Company's net investments in foreign subsidiaries. Management has established a policy requiring the Group and the Company to manage their foreign currency risk against their functional currency. To manage their foreign currency risk arising from future commercial transactions and recognized assets and liabilities, Companies in the Group ensure that significant transaction are contracted in the Group and the Company's functional currency. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group and the Company's functional currency.

The group and the Company is mostly affected by changes in USD rate than any other foreign currency. The table below shows the sensitivity analysis of the Group and the Company's profit before tax based on changes in USD rate:

	Change in USD rate	Effect on profit before tax N'000
2020	+5%	(21,103)
	-5%	21,103
2019	+5%	(80,429)
	-5%	80,429

The Naira carrying amounts for the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
US Dollars	<u>(2,105,086)</u>	<u>(2,072,582)</u>	<u>310,654</u>	<u>464,000</u>

### 5.1.3 Equity price risk

The group and the Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The group and the Company manages the equity price risk by placing limits on individual and total equity instruments. The group and the Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was N11.36million (2019: N13.5 million). A decrease of 5% on the Nigerian Stock Exchange market index could have an impact of approximately N0.57 million (2019: N0.67 million) on the income or equity attributable to the Group and the Company, depending on whether the decline is significant or prolonged. An increase of 5% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

### 5.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group and the Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risk is monitored by the entity's Finance Department. It is their responsibility to

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review and manage credit risk, including environmental and social risk for all types of counterparties. CWG has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Entity to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

### **Trading relationships**

The Entity's trading relationship and counterparties comprise Banks, Oil & Gas, Manufacturing and Individuals. For these relationships, the Entity's credit risk department analyses publicly available information such as financial information and other external data to determine rate to be applied.

### **Trade receivables**

Customer credit risk is managed by Business Development unit subject to the Entity's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for group of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group and the Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

The group and the Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

	Contact assets	Trade receivables					Total N'000
		Days past due					
		1 - 30 days N'000	31 - 60 days N'000	61 - 90 days N'000	91 - 365 days N'000	>365 days N'000	
<b>31 December 2020</b>							
Expected credit loss rate	0.94%	2.33%	4.96%	5.66%	15.55%	100.00%	
Estimated total gross carrying amount at default	660,224	166,991	38,503	38,950	52,046	72,680	369,169
Expected credit loss	6,231	3,379	1,908	2,204	8,079	72,680	88,249
<b>31 December 2019</b>							
Expected credit loss rate	0.27%	0.54%	1.39%	4.39%	12.06%	23.05%	37.83%
Estimated total gross	286,823	448,365	464,315	17,365	178,383	29,424	1,137,852
Expected credit loss	763	1,184	8,836	473	46,451	28,681	85,625

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2020 N'000	2019 N'000
At 1 January	85,625	407,936
Provision for expected credit loss	2,624	(202,737)
Write back during the year	-	(119,574)
<b>At 31 December</b>	<b>88,249</b>	<b>85,625</b>

ECLs are calculated using a 'loss rate' method based on the probability of a receivable progressing through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group and the Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss measurement – Contract assets

	2020 N'000	2019 N'000
At 1 January	763	4,805
Addition in the year/ Unused amount reversed	5,467	(4,042)
<b>At 31 December</b>	<b>6,230</b>	<b>763</b>

The group and the Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The group and the Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

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The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group and the Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The following outline the impact of scenario on the allowance:

	Inter-company receivables N'000	Total N'000
<b>31 December 2020</b>		
Upside (10%)	444	444
Base (80%)	3,487	3,487
Downside (10%)	376.12	376
<b>Total</b>	<b>4,307</b>	<b>4,307</b>
<b>31 December 2019</b>		
Upside (10%)	493	493
Base (80%)	3,998	3,998
Downside (10%)	533	533
<b>Total</b>	<b>5,024</b>	<b>5,024</b>

Impairment allowance for financial assets under general approach In assessing the Group and the Company's internal rating process, the Group and the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Group and the Company's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the Group and the Company's performance.

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

### 5.2.1 Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group and the Company's treasury department in accordance with the Group and the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Group and the Company's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group and the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

### 5.2.2 Due from related parties

Credit risks from related parties' transaction are considered very low. This is because they are settled or offset against other transactions that can occur in the future.

### 5.3 Liquidity risk

The group and the Company monitors its risk of a shortage of funds using a liquidity planning tool. The group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of Group/ Company's overdrafts, Group/Company loans, debentures, and preference shares. The group and the Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 10% of the Company's debt will mature in less than one year at 31 December 2020 (2019: 10%) based on the carrying value of borrowings reflected in the financial statements. The group and the Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The group and the Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group and the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group and the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The group and the Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders. Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation. Recent times have proven the credit markets situation could be such that it is difficult to generate capital to finance long-term growth of the Group and the Company. The group and the Company has a clear focus on financing long-term growth and to re-finance maturing debt obligation. Financing strategies are under continuous evaluation.

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

The table below shows the maturity analysis and has been prepared on an undiscounted cash flow:

	Carrying amount N'000	Contractual cash flows N'000	On demand N'000	Less than 3 months N'000	3-12 months N'000	1-5 years N'000
<b>THE GROUP</b>						
<b>At 31 December 2020</b>						
Short-term borrowings	257,226	257,226	-	257,226	-	-
Bank overdraft	7,568	7,568	7,568	-	-	-
Trade and other payables	6,762,143	6,762,143	-	-	6,762,143	-
Lease liability	53,082	53,082	-	-	32,972	20,110
	<b>7,080,019</b>	<b>7,080,019</b>	<b>7,568</b>	<b>257,226</b>	<b>6,795,115</b>	<b>20,110</b>
<b>At 31 December 2019</b>						
Short-term borrowings	389,553	389,553	-	237,000	152,553	-
Bank overdraft	19,574	19,574	19,574	-	-	-
Trade and other payables	7,188,358	7,188,358	-	-	7,188,358	-
Lease liability	103,822	103,822	-	16,961	50,883	35,978
	<b>7,701,307</b>	<b>7,701,307</b>	<b>19,574</b>	<b>253,961</b>	<b>7,391,794</b>	<b>35,978</b>
<b>The Company</b>						
<b>At 31 December 2020</b>						
Short-term borrowings	138,858	138,858	-	138,858	-	-
Bank overdraft	7,568	7,568	7,568	-	-	-
Trade and other payables	6,074,676	6,074,676	-	-	-	6,074,676
Lease liability	47,736	47,736	-	-	27,626	20,110
	<b>6,268,838</b>	<b>6,268,838</b>	<b>7,568</b>	<b>138,858</b>	<b>27,626</b>	<b>6,094,786</b>
<b>At 31 December 2019</b>						
Short-term borrowings	237,000	237,000	-	237,000	-	-
Bank overdraft	19,574	19,574	19,574	-	-	-
Trade and other payables	6,425,808	6,425,808	-	-	6,425,808	-
Lease liability	89,544	89,544	-	13,391	40,175	35,978
	<b>6,771,926</b>	<b>6,771,926</b>	<b>19,574</b>	<b>250,391</b>	<b>6,465,983</b>	<b>35,978</b>

### 5.4 Capital Management

Capital includes equity attributable to the equity holders of the Parent Company. The primary objective of the Group and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The group and the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, or issue new shares.

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

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

The Group and the Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short term deposits. The Group and the Company's capital structure and gearing ratio is shown below:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
Trade and other payables	<b>6,762,143</b>	7,188,358	<b>6,074,676</b>	6,425,808
Short-term loans and borrowings	<b>264,794</b>	409,127	<b>146,426</b>	256,574
Less: cash and short-term deposits	<b>(832,557)</b>	(438,356)	<b>(497,002)</b>	(358,416)
Net debt	<b>6,194,380</b>	7,159,129	<b>5,724,100</b>	6,323,966
Equity	<b>560,208</b>	191,920	<b>620,620</b>	327,113
Total capital plus net debt	<b>6,754,588</b>	7,351,049	<b>6,344,720</b>	6,651,079
Gearing ratio	<b>92%</b>	97%	<b>90%</b>	95%

### 6. Segment information

#### 6.1 Description of segments

For management purposes, the Group and the Company's organised into business units based on their products and services. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Managing Director/ Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary strategy describes the operations in each of the Group and the Company's reportable segments:

#### IT Infrastructure

The IT infrastructure segment, supplies, installs and supports Computer hardware, operating and middle ware systems, Automated Teller Machines "ATM" etc.

#### Communication and Integrated Services

Communication and integrated equipment segment specializes in VSAT and Fibre Connectivity, Metropolitan Area Networks, Wide Area Networks, Local Area Networks, and Systems Integration and provision of network communications support to clients.

#### Managed Support Services

The managed and support service segment provides internal and external clients managed /outsourcing services and provides related accessories for equipment and service maintenance.

#### Software

The Software segment provides services in software deployment, implementation and supports, systems analysis, design and implementation and smartcard applications. The segment also provides training to their clients on the systems offered and other off-the-shelf packages.

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#### 6.2.1 Business segment - Group

	IT Infrastructure Services		Managed & Support services		Communications & Integrated		Software		Platform business		Total	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
<b>Income:</b>												
Revenue	3,181,249	3,796,319	6,472,295	4,348,103	91,037	260,042	1,455,771	820,107	515,466	341,966	11,715,819	9,566,537
Other operating income	33,097	452,062	49,769	517,768	72	30,966	47,409	97,658	2,202	40,721	132,550	1,139,175
Finance Income	95	155	344	178	1	11	34	33	30	14	504	391
<b>Total revenue</b>	<b>3,214,442</b>	<b>4,248,536</b>	<b>6,522,408</b>	<b>4,866,049</b>	<b>91,110</b>	<b>291,019</b>	<b>1,503,215</b>	<b>917,798</b>	<b>517,698</b>	<b>382,701</b>	<b>11,848,872</b>	<b>10,706,103</b>
<b>Expenses:</b>												
Cost of sales	(2,770,991)	(2,873,606)	(5,288,416)	(3,291,276)	(72,992)	(196,838)	(849,524)	(620,776)	(98,079)	(258,849)	(9,080,002)	(7,241,345)
Administrative expenses	(402,339)	(1,005,209)	(993,233)	(1,151,314)	(6,934)	(68,855)	(510,185)	(217,152)	(187,019)	(90,548)	(2,099,710)	(2,533,078)
Finance cost	(24,701)	(29,017)	(72,582)	(33,234)		(1,988)		(6,268)		(2,614)	(97,283)	(73,121)
Net exchange difference	(10,335)	(89,109)	(14,279)	(102,061)		(6,104)		(19,250)		(8,027)	(24,614)	(224,551)
<b>Total expenses</b>	<b>(3,208,366)</b>	<b>(3,996,941)</b>	<b>(6,368,509)</b>	<b>(4,577,885)</b>	<b>(79,926)</b>	<b>(273,785)</b>	<b>(1,359,709)</b>	<b>(863,446)</b>	<b>(285,098)</b>	<b>(360,038)</b>	<b>(11,301,609)</b>	<b>(10,072,095)</b>
Profit before taxation	6,076	251,595	153,899	288,164	11,184	17,234	143,505	54,352	232,600	22,663	547,263	634,008
Income tax expenses	-	(222,729)	-	(255,102)	-	(15,257)	-	(48,115)	-	(20,063)	-	(561,266)
<b>Profit after taxation</b>	<b>6,076</b>	<b>28,866</b>	<b>153,899</b>	<b>33,062</b>	<b>11,184</b>	<b>1,977</b>	<b>143,505</b>	<b>6,237</b>	<b>232,600</b>	<b>2,600</b>	<b>547,263</b>	<b>72,742</b>
<b>Assets and liabilities:</b>												
Total tangible assets	100,608	204,144	304,092	233,815	842	13,984	36,319	44,100	5,167	18,389	447,028	514,432
Right-of-use assets	18,333	45,245	45,672	51,821	129	3,099	4,522	9,774	3,970	4,076	72,627	114,015
Intangible assets		95,836		109,764		6,565		20,703	156,073	8,633	156,073	241,501
Financial assets at FVOCI	11,365	5,378		6,160		369		1,162		484	11,365	13,553
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-current assets	130,306	350,603	349,764	401,560	971	24,017	40,841	75,739	165,210	31,582	687,092	883,501
Current assets	1,484,364	2,959,863	4,569,645	3,390,071	12,299	202,746	913,263	639,410	377,500	266,620	7,357,071	7,458,710
Non-current liabilities	2,098	(15,378)	-	(17,615)	-	(1,053)	-	(3,322)	-	(1,385)	2,098	(38,753)
Current liabilities	(1,482,428)	(3,218,927)	(4,727,971)	(3,686,789)	(12,811)	(220,492)	(835,376)	(695,374)	(393,219)	(289,956)	(7,451,805)	(8,111,538)
<b>Net assets</b>	<b>134,339</b>	<b>76,161</b>	<b>191,438</b>	<b>87,227</b>	<b>459</b>	<b>5,218</b>	<b>118,728</b>	<b>16,453</b>	<b>149,492</b>	<b>7,824</b>	<b>594,456</b>	<b>218,864</b>

# CWG PLC

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

	IT Infrastructure Services		Managed & Support services		Communications & Integrated		Software		Platform business		Total	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
<b>Income:</b>												
Revenue	1,643,631	1,749,690	5,929,505	3,918,255	16,794	260,042	587,136	820,107	515,466	341,966	8,692,531	7,090,060
Other operating income	7,022	270,832	26,049	606,501	72	40,252	2,508	126,943	2,202	52,933	37,853	1,097,461
Finance Income	95	97	344	216	1	14	34	45	30	19	504	391
<b>Total revenue</b>	<b>1,650,748</b>	<b>2,020,619</b>	<b>5,955,897</b>	<b>4,524,972</b>	<b>16,867</b>	<b>300,308</b>	<b>589,678</b>	<b>947,095</b>	<b>517,698</b>	<b>394,918</b>	<b>8,730,888</b>	<b>8,187,912</b>
<b>Expenses:</b>												
Cost of sales	(1,398,190)	(1,287,140)	(4,914,515)	(2,882,421)	(9,052)	(191,297)	(218,644)	(603,302)	(98,079)	(251,564)	(6,638,481)	(5,215,724)
Administrative expenses	(219,819)	(511,871)	(909,036)	(1,146,284)	(6,934)	(76,075)	(330,025)	(239,922)	(187,019)	(100,042)	(1,652,834)	(2,074,194)
Finance cost	(24,701)	(15,012)	(52,589)	(33,617)		(2,231)		(7,036)		(2,934)	(77,290)	(60,830)
Net exchange difference	(10,335)	(60,675)	(22,005)	(135,874)		(9,018)		(28,439)		(11,858)	(32,340)	(245,864)
<b>Total expenses</b>	<b>(1,653,046)</b>	<b>(1,874,698)</b>	<b>(5,898,145)</b>	<b>(4,198,196)</b>	<b>(15,986)</b>	<b>(278,621)</b>	<b>(548,669)</b>	<b>(878,699)</b>	<b>(285,098)</b>	<b>(366,398)</b>	<b>(8,400,945)</b>	<b>(7,596,612)</b>
Profit before taxation	(2,298)	145,921	57,752	326,776	881	21,687	41,009	68,396	232,600	28,520	329,943	591,300
Income tax expenses	-	(135,203)	-	(302,774)	-	(20,094)	-	(63,372)	-	(26,425)	-	(547,868)
<b>(Loss)/profit after taxation</b>	<b>(2,298)</b>	<b>10,718</b>	<b>57,752</b>	<b>24,002</b>	<b>881</b>	<b>1,593</b>	<b>41,009</b>	<b>5,024</b>	<b>232,600</b>	<b>2,095</b>	<b>329,943</b>	<b>43,432</b>
<b>Assets and liabilities:</b>												
Total tangible assets	93,957	123,252	304,092	276,010	842	18,318	36,319	57,770	5,168	24,089	440,378	499,439
Right-of-use assets	12,660	24,530	45,672	54,932	129	3,646	4,522	11,498	3,970	4,794	66,954	99,400
Intangible assets		59,598		133,463		8,858		27,934	156,074	11,648	156,074	241,501
Investment in subsidiary	273,284	67,441		151,028		10,023		31,611		13,181	273,284	273,284
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at FVOCI	11,365	3,344	-	7,490		497	-	1,568	-	654	11,365	13,553
Total Non-current assets	391,266	278,165	349,764	622,923	971	41,342	40,841	130,381	165,212	54,366	948,054	1,127,177
Current assets	1,203,709	1,552,954	4,314,340	3,477,684	12,299	230,803	429,987	727,893	377,500	303,515	6,337,836	6,292,849
Non-current liabilities	-	(8,878)	-	(19,883)	-	(1,320)	-	(4,162)	-	(1,735)	-	(35,978)
Current liabilities	(1,253,830)	(1,741,515)	(4,523,271)	(3,899,949)	(12,811)	(258,827)	(447,891)	(816,275)	(393,219)	(340,369)	(6,631,022)	(7,056,935)
<b>Net assets</b>	<b>341,145</b>	<b>80,726</b>	<b>140,833</b>	<b>180,775</b>	<b>459</b>	<b>11,998</b>	<b>22,937</b>	<b>37,837</b>	<b>149,494</b>	<b>15,777</b>	<b>654,868</b>	<b>327,113</b>

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>6.3 Segment reconciliation</b>				
Reconciliation of reportable segment revenues, profit or loss, assets and liabilities.				
<b>Revenue</b>				
Total revenue from reportable segments	<b>11,715,819</b>	9,566,537	<b>8,692,531</b>	7,090,060
Elimination of Inter-segment revenue	-	-	-	-
<b>Total</b>	<b><u>11,715,819</u></b>	<b><u>9,566,537</u></b>	<b><u>8,692,531</u></b>	<b><u>7,090,060</u></b>
<b>Profit or Loss</b>				
Profit before taxation	<b>547,263</b>	634,008	<b>329,943</b>	591,300
Elimination of Inter-segment profit or loss	-	-	-	-
<b>Total</b>	<b><u>547,263</u></b>	<b><u>634,008</u></b>	<b><u>329,943</u></b>	<b><u>591,300</u></b>
<b>Assets</b>				
Total assets of reportable segments	<b>8,052,355</b>	8,342,211	<b>7,293,458</b>	7,420,026
Elimination of Inter-segment assets	-	-	-	-
<b>Total</b>	<b><u>8,052,355</u></b>	<b><u>8,342,211</u></b>	<b><u>7,293,458</u></b>	<b><u>7,420,026</u></b>
<b>Liabilities</b>				
Total liabilities of reportable segments	<b>7,492,147</b>	8,150,291	<b>6,672,837</b>	7,092,913
Elimination of Inter-segment liabilities	-	-	-	-
<b>Total</b>	<b><u>7,492,147</u></b>	<b><u>8,150,291</u></b>	<b><u>6,672,837</u></b>	<b><u>7,092,913</u></b>

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

**2020**                      2019  
**N'000**                      N'000

### 6.4 Geographical segment

CWG's business activities are concentrated in four geographic regions. Revenue generated from these four regions are as stated below:

Nigeria	<b>8,692,531</b>	7,090,060
Ghana	<b>1,436,025</b>	1,631,160
Uganda	<b>1,559,685</b>	816,629
Cameroon	<b>27,578</b>	28,688
	<b><u>11,715,820</u></b>	<b><u>9,566,537</u></b>

	<b>2020</b>			<b>2019</b>		
	<b>MTN</b>	<b>UBA</b>	<b>GTB</b>	<b>MTN</b>	<b>UBA</b>	<b>GTB</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>6.5 Revenue made from major customers</b>						
<b>The Group</b>						
IT Infrastructure services	<b>1,212,131</b>	<b>105,274</b>	<b>742,988</b>	1,156,065	110,732	1,037,764
Communications & integrated	<b>16,794</b>	-	-	184,607	-	-
Software revenue	<b>63,465</b>	<b>3,048</b>	-	360,744	-	-
Managed & Support services	<b>3,593,814</b>	<b>287,267</b>	<b>78,789</b>	1,288,094	300,818	49,895
Platform business	<b>80,566</b>	<b>266,126</b>	-	723	269,188	-
	<b><u>4,966,770</u></b>	<b><u>661,715</u></b>	<b><u>821,776</u></b>	<b><u>2,990,233</u></b>	<b><u>680,738</u></b>	<b><u>1,087,659</u></b>
<b>The Company</b>						
IT Infrastructure services	<b>690,695</b>	<b>38,002</b>	<b>742,988</b>	585,326	-	1,037,764
Communications & integrated	<b>16,794</b>	-	-	184,607	-	-
Software revenue	<b>63,465</b>	<b>3,048</b>	-	360,744	-	-
Managed & Support services	<b>3,593,814</b>	<b>287,267</b>	<b>78,789</b>	1,288,094	300,818	49,895
Platform business	<b>80,566</b>	<b>266,126</b>	-	723	269,188	-
	<b><u>4,445,334</u></b>	<b><u>594,444</u></b>	<b><u>821,776</u></b>	<b><u>2,419,494</u></b>	<b><u>570,006</u></b>	<b><u>1,087,659</u></b>

As at 31 December 2020 the Company's receivables from MTN, UBA and GTB are N73.5million (2019: N502 million); NIL (2019: N46 million) and NIL (2019: N164 million) respectively.

# CWG PLC

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

### 7. Revenue

#### 7.1 Revenue by sector

Set out below is the disaggregation of the Group and the Company's revenue from contracts with customers by sector.

	IT Infra- structure Services N'000	Software N'000	Communi- cations and Integrated Services N'000	Managed Support Services N'000	Platform business N'000	Total N'000
<b>The Group</b>						
<b>Segments:</b>						
<b>Type of goods or services</b>						
<b>31 December 2020</b>						
Financial Services Institutions	1,347,223	1,107,078	37,299	1,610,620	370,267	4,472,488
Government	568,894	13,675	-	836	6,748	590,154
Emergent	105,909	157,294	5,202	429,321	107,765	805,490
Telecommunications	1,145,481	177,725	38,290	4,318,694	30,686	5,710,876
Oil & gas	13,742	-	10,246	112,824	-	136,812
<b>Total revenue from contracts with customers</b>	<b>3,181,249</b>	<b>1,455,772</b>	<b>91,037</b>	<b>6,472,295</b>	<b>515,466</b>	<b>11,715,818</b>
<b>Timing of revenue recognition</b>						
<b>31 December 2020</b>						
Goods/Services transferred at a point in time	3,114,330	1,100,175	88,637	-	-	-
Services transferred over time	66,919	355,597	2,400	6,472,295	515,466	7,412,676
<b>Total revenue from contracts with customers</b>	<b>3,181,249</b>	<b>1,455,772</b>	<b>91,037</b>	<b>6,472,295</b>	<b>515,466</b>	<b>7,412,676</b>
<b>Segments:</b>						
<b>Type of goods or services</b>						
<b>31 December 2020</b>						
Financial Services Institutions	2,033,808	457,844	3,221	1,873,263	278,329	4,646,465
Government	73,412	-	250	-	14,918	88,580
Emergent	348,015	-	4,935	318,330	47,459	718,739
Telecommunications	1,324,875	354,448	184,607	2,018,459	1,260	3,883,649
Oil & gas	16,209	7,815	67,030	138,050	-	229,104
<b>Total revenue from contracts with customers</b>	<b>3,796,319</b>	<b>820,107</b>	<b>260,043</b>	<b>4,348,102</b>	<b>341,966</b>	<b>9,566,537</b>
<b>Timing of revenue recognition</b>						
<b>31 December 2019</b>						
Goods/Services transferred at a point in time	3,561,065	434,488	95,047	-	-	4,090,600
Services transferred over time	235,254	385,618	164,996	4,348,103	341,966	5,475,937
<b>Total revenue from contracts with customers</b>	<b>3,796,319</b>	<b>820,106</b>	<b>260,043</b>	<b>4,348,103</b>	<b>341,966</b>	<b>9,566,537</b>

# CWG PLC

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

	IT Infrast- structure Services N'000	Software N'000	Communi- cations and Integrated Services N'000	Managed Support Services N'000	Platform business N'000	Total N'000
<b>The Company</b>						
<b>Segments:</b>						
<b>Type of goods or services</b>						
<b>31 December 2020</b>						
Financial Services Institutions	911,901	554,920	2,400	1,413,840	370,267	3,253,328
Government	-	-	-	-	6,748	6,748
Emergent	26,863	13,144	4,148	392,028	107,765	543,947
Telecommunications	691,125	19,072	-	4,010,813	30,686	4,751,695
Oil & gas	13,742	-	10,246	112,824	-	136,812
<b>Total revenue from contracts with customers</b>	<b>1,643,631</b>	<b>587,136</b>	<b>16,794</b>	<b>5,929,505</b>	<b>515,466</b>	<b>8,692,531</b>
<b>Timing of revenue recognition</b>						
<b>31 December 2020</b>						
Goods/Services transferred at a point in time	1,610,111	400,615	14,394	-	-	2,025,119
Services transferred over time	33,520	186,521	2,400	5,929,505	515,466	6,667,411
<b>Total revenue from contracts with customers</b>	<b>1,643,631</b>	<b>587,136</b>	<b>16,794</b>	<b>5,929,505</b>	<b>515,466</b>	<b>8,692,531</b>
<b>Segments:</b>						
<b>Type of goods or services</b>						
<b>31 December 2019</b>						
Financial Services Institutions	1,070,451	457,844	3,221	1,727,062	278,329	3,536,907
Government	-	-	250	-	14,918	15,168
Emergent	36,107	-	4,935	294,026	47,459	382,527
Telecommunications	626,924	354,448	184,607	1,759,117	1,260	2,926,356
Oil & gas	16,208	7,815	67,030	138,050	-	229,103
<b>Total revenue from contracts with customers</b>	<b>1,749,690</b>	<b>820,107</b>	<b>260,043</b>	<b>3,918,255</b>	<b>341,966</b>	<b>7,090,061</b>
<b>Timing of revenue recognition</b>						
<b>31 December 2019</b>						
Goods/Services transferred at a point in time	1,514,435	434,488	95,047	-	-	2,043,970
Services transferred over time	235,254	385,618	164,996	3,918,255	-	4,704,123
<b>Total revenue from contracts with customers</b>	<b>1,749,689</b>	<b>820,106</b>	<b>260,043</b>	<b>3,918,255</b>	<b>-</b>	<b>6,748,093</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The group and the Company's trade receivables amounts to N1.091 billion (2019 : N2.070 billion) and N371 million (2019 : N1.117 billion) in 2020 respectively. In 2020, N88 million (2019 : N86 million) was recognised as provision for expected credit losses on trade receivables.

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of services. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include short and long-term advances received with respect to contracts. The outstanding balances of these accounts increased in 2020. The increase in contract liabilities in 2020 was mainly due advance received from MTN.

# CWG PLC

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

### Performance obligations

Information about the Group and the Company's performance obligations are summarised below:

Performance Obligation	When payment is typically due	How standalone selling price is typically determined
<b>IT Infrastructure Services</b>		
- Sale of goods	At the beginning of the contract period	Observable in transactions without multiple performance obligations
- Rendering of support services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations
<b>Software</b>		
- Rendering of support services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations
<b>Communications and Integrated Services</b>		
- Rendering of connectivity services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations
<b>Managed Support Services</b>		
- Rendering of connectivity services	Within 90 days of services being performed	Observable in transactions without multiple performance obligations

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>7.2 Revenue from contracts with customers is made up of:</b>				
IT Infrastructure services	<b>3,181,249</b>	3,796,319	<b>1,643,631</b>	1,749,690
Communications & integrated services	<b>91,037</b>	260,042	<b>16,794</b>	260,042
Managed & support services	<b>6,472,295</b>	4,348,103	<b>5,929,505</b>	3,918,255
Software revenue	<b>1,455,771</b>	820,107	<b>587,136</b>	820,107
Platform business	<b>515,466</b>	341,966	<b>515,466</b>	341,966
	<b><u>11,715,819</u></b>	<b><u>9,566,537</u></b>	<b><u>8,692,531</u></b>	<b><u>7,090,060</u></b>
<b>8. Cost of sales</b>				
OEM and other cost	<b>9,080,002</b>	7,241,345	<b>6,638,481</b>	5,215,724
	<b><u>9,080,002</u></b>	<b><u>7,241,345</u></b>	<b><u>6,638,481</u></b>	<b><u>5,215,724</u></b>
<b>Cost of sales is made up of:</b>				
IT Infrastructure services	<b>2,770,991</b>	2,873,606	<b>1,398,190</b>	1,287,140
Communications and integrated services	<b>72,992</b>	196,838	<b>9,052</b>	191,297
Managed support services	<b>5,288,416</b>	3,291,276	<b>4,914,515</b>	2,882,421
Software	<b>849,524</b>	620,776	<b>218,644</b>	603,302
Platform business	<b>98,079</b>	258,850	<b>98,079</b>	251,564
<b>Total</b>	<b><u>9,080,002</u></b>	<b><u>7,241,346</u></b>	<b><u>6,638,481</u></b>	<b><u>5,215,724</u></b>

The above represents original equipment manufacturer (OEM) and other direct cost. Employee benefit expenses, depreciation and amortisation does not form part of the Group and the Company's cost of sales.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>9. Other income</b>				
Sundry income	<b>120,886</b>	1,013,024	<b>26,189</b>	970,268
Profit on disposal of PPE	<b>10,947</b>	2,535	<b>10,947</b>	2,535
ECL Provisions - Receivables	-	119,574	-	119,574
ECL (writeback)/Provisions - Related party	<b>717</b>	-	<b>717</b>	1,042
ECL Provisions - Contract assets	-	4,042	-	4,042
	<b><u>132,550</u></b>	<b><u>1,139,175</u></b>	<b><u>37,853</u></b>	<b><u>1,097,461</u></b>

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>10. Administrative expenses</b>				
Audit fee	24,535	37,443	12,000	21,000
Amortisation of intangible assets	85,428	8,821	85,428	8,821
Directors fees	11,691	5,200	10,825	5,200
Depreciation of property, plant and equipment	120,051	108,100	109,541	96,270
Depreciation - ROU Asset	71,599	68,888	62,656	60,305
Directors remuneration	-	47,242	-	47,242
Salaries and allowances	1,003,249	1,246,092	745,018	979,288
Pension	43,509	52,915	36,312	47,153
Gifts	7,488	17,278	7,488	17,278
Printing, postage and telephone	22,676	31,836	16,123	23,041
Internet subscription	33,271	31,144	30,338	29,568
Information technology levy	-	5,913	-	5,913
Transport and travelling	42,123	143,627	28,160	118,115
Impairment of ROU Assets	-	7,500	-	7,500
Accommodation and entertainment	8,943	16,602	8,943	16,602
Professional and accountancy fee	148,538	90,780	139,244	88,374
Welfare	100,382	56,278	83,651	54,617
ECL Provisions - Contract assets	5,467	-	5,467	-
ECL Provisions - Receivables	2,624	-	2,624	-
Insurance	20,027	12,047	17,334	10,675
Bank charges	32,148	19,829	20,004	8,751
Rents	26,510	26,415	7,151	5,895
Repairs and maintenance	52,670	25,484	44,503	22,039
Advertisement and sales promotion	9,163	35,843	1,235	35,843
Research and development	8,051	6,868	6,884	6,868
Goodwill impairment	-	185,726	-	185,726
Electricity	6,160	24,903	4,325	21,555
Sundry expenses	177,719	176,439	131,900	106,718
Loss on disposal of PPE	-	-	-	-
License and registration fees	35,688	37,115	35,680	37,087
Fine & penalty	-	6,750	-	6,750
	<b>2,099,710</b>	<b>2,533,078</b>	<b>1,652,834</b>	<b>2,074,194</b>
<b>11. Exchange loss</b>				
Exchange loss	24,615	224,551	32,340	245,864
	<b>24,615</b>	<b>224,551</b>	<b>32,340</b>	<b>245,864</b>
<b>12. Finance cost</b>				
Interest on overdraft	12,678	-	12,678	21,628
Interest on lease	15,924	73,121	14,082	19,956
Interest on short term loan	68,681	-	50,530	19,246
	<b>97,283</b>	<b>73,121</b>	<b>77,290</b>	<b>60,830</b>
<b>13. Finance income</b>				
Interest income	504	391	504	391
	<b>504</b>	<b>391</b>	<b>504</b>	<b>391</b>

# CWG PLC

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

### 14. Taxation

The Group and the Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>14.1 Income tax expense</b>				
Income tax	90,293	-	21,731	-
Education tax	9,201	21,031	9,201	21,031
Information technology	3,299	-	3,299	-
Police trust fund	16	-	16	-
Under provision in previous year	-	526,739	-	526,837
	<u>102,809</u>	<u>547,770</u>	<u>34,248</u>	<u>547,868</u>
Deferred tax	1,300	13,496	-	-
Income tax expense reported in profit or loss	<u>104,109</u>	<u>561,266</u>	<u>34,248</u>	<u>547,868</u>
<b>14.2 Reconciliation of tax charge</b>				
Profit/(loss) before taxation	<u>547,263</u>	<u>634,008</u>	<u>329,943</u>	<u>591,300</u>
Tax at Nigeria statutory income tax 30%	164,179	190,202	98,983	177,390
Income exempt from tax	-	(385,088)	-	(385,088)
Non-deductible expenses	45,121	206,510	40,456	205,924
Impact of tax losses not recognised	(1,374)	1,774	(1,374)	1,774
Effect of tax adjustments (minimum tax, dividend tax, petroleum trust fund levy, information tax levy)	25,047	-	25,047	-
Adjustment recognised due to difference in tax rates	2,074	-	2,074	-
Education tax	9,201	21,031	9,201	21,031
Adjustment in respect of CIT of previous years	-	526,837	-	526,837
	<u>244,248</u>	<u>561,266</u>	<u>174,387</u>	<u>547,868</u>
Adjustments recognized in the current period in relation to the deferred tax of prior periods	(140,139)	-	(140,139)	-
Effective tax charge	<u>104,109</u>	<u>561,266</u>	<u>34,248</u>	<u>547,868</u>
Effective tax rate	19%	89%	10%	93%

The tax rate used for 2020 & 2020 reconciliations above is the corporate tax rate of 30% & 2% (for tertiary education tax) payable by corporate entities in Nigeria on taxable profits under tax law in the country.

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>14.3 Income tax receivable</b>				
At 1 January	47,897	-		
Income tax charge	(30,734)	15,553		
Exchange difference	-	1,375		
Withholding tax certificates	-	30,969		
<b>At 31 December</b>	<b>17,163</b>	<b>47,897</b>	<b>-</b>	<b>-</b>
<b>14.4 Income Tax payable</b>				
At 1 January	99,337	593,020	95,573	599,898
Income tax charge	104,109	563,323	34,248	547,868
Tax paid during the year	(72,595)		(5,000)	-
Exchange difference	-	(4,813)	-	-
WHT credit note utilised	-	(1,052,193)	-	(1,052,193)
<b>At 31 December</b>	<b>130,851</b>	<b>99,337</b>	<b>124,821</b>	<b>95,573</b>
<b>14.5 Deferred tax balances</b>				
<b>14.5.1 Deferred tax assets</b>				
The following is the analysis of the deferred tax assets and liability presented in the consolidated and separate statements of financial position:				
Deferred tax assets	623	-	-	-
Deferred tax liabilities (Note 14.5.2)	2,098	2,775	-	-
<b>Deferred tax (liabilities)/assets</b>	<b>2,721</b>	<b>2,775</b>	<b>-</b>	<b>-</b>

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

	Group			Company		
	At 1 January balance N'000	Recog- nised in profit or loss N'000	At 31 December balance N'000	At 1 January balance N'000	Recog- nised in profit or loss N'000	At 31 December balance N'000
<b>2020</b>						
<b>Deferred tax assets in relation to:</b>						
Accelerated depreciation for tax purpose	-	338	338	-	-	-
Short-term timing differences	-	285	285	-	-	-
	<u>-</u>	<u>623</u>	<u>623</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred tax liabilities in relation to:</b>						
Property, plant and equipment	(2,775)	677	(2,098)	-	-	-
	<u>(2,775)</u>	<u>677</u>	<u>(2,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2019</b>						
<b>Deferred tax liabilities in relation to:</b>						
Property, plant and equipment	10,609	(13,384)	(2,775)	-	-	-
	<u>10,609</u>	<u>(13,384)</u>	<u>(2,775)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The deferred tax asset for the Company was not recognised by the Group and the Company during the year based on prudence as there are unabsorbed losses from prior year, the balance not recognised in the Group and the Company's books is N462.114 million (2019: N581.611 million). The deferred tax recognised by the Group relates to deferred tax liabilities recognised in the books of two of its subsidiaries – CWG Uganda and CWG Ghana as at 31 December 2020.

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
<b>15. Basic earnings per share</b>				
Profit after taxation	<u>443,154</u>	<u>72,742</u>	<u>295,695</u>	<u>43,432</u>
<b>Number of shares</b>				
Weighted average number of shares for basic earning per share	<u>2,524,826</u>	<u>2,524,826</u>	<u>2,524,826</u>	<u>2,524,826</u>
Effect of dilutive potential share: restricted shares and share options	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of shares for diluted earnings per share	<u>2,524,826</u>	<u>2,524,826</u>	<u>2,524,826</u>	<u>2,524,826</u>
<b>Earnings per share (kobo)</b>				
- Basic	<u>17.55</u>	<u>2.88</u>	<u>11.71</u>	<u>1.72</u>
- Diluted	<u>17.55</u>	<u>2.88</u>	<u>11.71</u>	<u>1.72</u>

# CWG PLC

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

### 16.a. Property, plant and equipment

#### The Group

	Land N'000	Buildings & building improvements N'000	Plant & Machinery N'000	Furniture & fittings N'000	Office Equipment N'000	Motor vehicle N'000	Loose Tools N'000	Service Option Equipment N'000	Commun- ication equipment N'000	ATM N'000	Capital work-in- progress N'000	Total N'000
<b>Cost</b>												
<b>At 1 January 2019</b>	<b>111,395</b>	<b>165,703</b>	<b>153,185</b>	<b>102,699</b>	<b>232,060</b>	<b>125,012</b>	<b>24,784</b>	<b>1,090,532</b>	<b>1,123,429</b>	<b>31,717</b>	<b>-</b>	<b>3,160,516</b>
Transfer to right-of-use assets	-	-	(39,441)	-	-	(42,178)	-	-	-	-	-	(81,619)
Additions	-	7,344	-	4,393	27,243	350	-	-	191,525	11,817	4,460	247,132
Disposal	-	-	-	(430)	(146)	(20,390)	-	-	-	-	-	(20,966)
Write off	-	-	-	-	-	-	-	(1,090,532)	-	-	-	(1,090,532)
Exch. Difference	-	-	-	(28)	44	(18)	-	-	-	-	-	(2)
<b>At 31 December 2019</b>	<b>111,395</b>	<b>173,047</b>	<b>113,744</b>	<b>106,634</b>	<b>259,201</b>	<b>62,776</b>	<b>24,784</b>	<b>-</b>	<b>1,314,954</b>	<b>43,534</b>	<b>4,460</b>	<b>2,214,529</b>
<b>At 1 January 2020</b>	<b>111,395</b>	<b>173,047</b>	<b>113,744</b>	<b>106,634</b>	<b>259,201</b>	<b>62,776</b>	<b>24,784</b>	<b>-</b>	<b>1,314,954</b>	<b>43,534</b>	<b>4,460</b>	<b>2,214,529</b>
Additions	-	2,253	929	6,153	37,017	11,200	-	-	10,832	589	-	68,973
Transfer to inventory	-	-	-	-	-	-	-	-	-	-	(4,460)	(4,460)
Disposal	-	-	-	(18,451)	(100,022)	(750)	-	-	-	(29,174)	-	(148,397)
Reclassified	-	-	-	4,312	(4,312)	-	-	-	-	-	-	-
Exch. Difference	-	-	(1,332)	(3,968)	(11,725)	(9,710)	-	-	(18,861)	-	-	(45,597)
<b>At 31 December 2020</b>	<b>111,395</b>	<b>175,300</b>	<b>113,341</b>	<b>94,680</b>	<b>180,159</b>	<b>63,516</b>	<b>24,784</b>	<b>-</b>	<b>1,306,925</b>	<b>14,949</b>	<b>-</b>	<b>2,085,048</b>
<b>Accumulated depreciation</b>												
<b>At 1 January 2019</b>	<b>-</b>	<b>75,043</b>	<b>124,900</b>	<b>80,972</b>	<b>192,977</b>	<b>92,655</b>	<b>24,784</b>	<b>1,090,532</b>	<b>1,061,256</b>	<b>10,353</b>	<b>-</b>	<b>2,753,471</b>
Transfer to right-of-use assets	-	-	(16,434)	-	-	(33,232)	-	-	-	-	-	(49,666)
Charge for the year	-	7,124	2,169	9,069	28,377	5,392	-	-	46,877	9,092	-	108,100
Disposal	-	-	-	(430)	(146)	(20,390)	-	-	-	-	-	(20,966)
Write off	-	-	-	-	-	-	-	(1,090,532)	-	-	-	(1,090,532)
Exch. Difference	-	-	-	-	(198)	(99)	-	-	(13)	-	-	(310)
<b>At 31 December 2019</b>	<b>-</b>	<b>82,167</b>	<b>110,635</b>	<b>89,611</b>	<b>221,010</b>	<b>44,326</b>	<b>24,784</b>	<b>-</b>	<b>1,108,120</b>	<b>19,445</b>	<b>-</b>	<b>1,700,097</b>
<b>At 1 January 2020</b>	<b>-</b>	<b>82,167</b>	<b>110,635</b>	<b>89,611</b>	<b>221,010</b>	<b>44,326</b>	<b>24,784</b>	<b>-</b>	<b>1,108,120</b>	<b>19,445</b>	<b>-</b>	<b>1,700,097</b>
Charge for the year	-	4,234	781	9,798	28,278	6,302	-	-	65,031	5,628	-	120,051
Disposal	-	-	-	(18,541)	(100,010)	(750)	-	-	-	(17,761)	-	(137,062)
Reclassified	-	-	-	1,094	(2,037)	-	-	-	-	-	-	(943)
Exch. Difference	-	(10,685)	833	(5,916)	(10,663)	2,076	-	-	(19,768)	-	-	(44,123)
<b>At 31 December 2020</b>	<b>-</b>	<b>75,716</b>	<b>112,250</b>	<b>76,046</b>	<b>136,578</b>	<b>51,954</b>	<b>24,784</b>	<b>-</b>	<b>1,153,383</b>	<b>7,311</b>	<b>-</b>	<b>1,638,021</b>
<b>Carrying amount:</b>												
<b>At 31 December 2020</b>	<b>111,395</b>	<b>99,584</b>	<b>1,091</b>	<b>18,634</b>	<b>43,581</b>	<b>11,562</b>	<b>-</b>	<b>-</b>	<b>153,542</b>	<b>7,638</b>	<b>-</b>	<b>447,028</b>
At 31 December 2019	111,395	90,880	3,109	17,023	38,191	18,450	-	-	206,834	24,090	4,460	514,432

## CWG PLC

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

#### 16.b. Property, plant and equipment

##### The Company

	Land N'000	Buildings & building improvements N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Loose Tools N'000	Service Option Equipment N'000	Commun- ication Equipment N'000	ATM N'000	Capital work -in- progress N'000	Total N'000
<b>Cost</b>												
<b>At 1 January 2019</b>	<b>111,395</b>	<b>165,703</b>	<b>149,993</b>	<b>87,677</b>	<b>195,079</b>	<b>100,543</b>	<b>24,784</b>	<b>1,090,532</b>	<b>1,104,568</b>	<b>31,717</b>	<b>-</b>	<b>3,061,991</b>
Transfer to right-of-use assets			(39,441)			(42,178)						(81,619)
Additions	-	7,344	-	4,393	26,702	350	-	-	191,525	11,817	4,460	246,591
Disposal	-	-	-	(430)	(146)	(20,390)	-	-	-	-	-	(20,966)
Write off	-	-	-	-	-	-	-	(1,090,532)	-	-	-	(1,090,532)
<b>At 31 December 2019</b>	<b>111,395</b>	<b>173,047</b>	<b>110,552</b>	<b>91,640</b>	<b>221,635</b>	<b>38,325</b>	<b>24,784</b>	<b>-</b>	<b>1,296,093</b>	<b>43,534</b>	<b>4,460</b>	<b>2,115,465</b>
<b>At 1 January 2020</b>	<b>111,395</b>	<b>173,047</b>	<b>110,552</b>	<b>91,640</b>	<b>221,635</b>	<b>38,325</b>	<b>24,784</b>	<b>-</b>	<b>1,296,093</b>	<b>43,534</b>	<b>4,460</b>	<b>2,115,465</b>
Additions	-	2,253	929	6,153	33,464	11,200	-	-	10,832	589	-	65,420
Transfer to inventory	-	-	-	-	-	-	-	-	-	-	(4,460)	(4,460)
Disposal	-	-	-	(18,451)	(100,022)	(750)	-	-	-	(29,174)	-	(148,397)
Reclassified	-	-	-	4,312	(4,312)	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>111,395</b>	<b>175,300</b>	<b>111,481</b>	<b>83,654</b>	<b>150,765</b>	<b>48,775</b>	<b>24,784</b>	<b>-</b>	<b>1,306,925</b>	<b>14,949</b>	<b>-</b>	<b>2,028,028</b>
<b>Accumulated depreciation</b>												
<b>At 1 January 2019</b>	<b>-</b>	<b>64,357</b>	<b>124,423</b>	<b>67,255</b>	<b>166,504</b>	<b>90,094</b>	<b>24,784</b>	<b>1,090,532</b>	<b>1,042,618</b>	<b>10,353</b>	<b>-</b>	<b>2,680,920</b>
Transfer to right-of-use assets	-	-	(16,434)			(33,232)	-	-	-	-	-	(49,666)
Charge for the year	-	7,124	2,169	8,977	22,695	480	-	-	45,733	9,092	-	96,269
Disposal	-	-	-	(430)	(146)	(20,390)	-	-	-	-	-	(20,966)
Write off	-	-	-	-	-	-	-	(1,090,532)	-	-	-	(1,090,532)
<b>At 31 December 2019</b>	<b>-</b>	<b>71,481</b>	<b>110,158</b>	<b>75,802</b>	<b>189,053</b>	<b>36,952</b>	<b>24,784</b>	<b>-</b>	<b>1,088,351</b>	<b>19,445</b>	<b>-</b>	<b>1,616,025</b>
<b>At 1 January 2020</b>	<b>-</b>	<b>71,481</b>	<b>110,158</b>	<b>75,802</b>	<b>189,053</b>	<b>36,952</b>	<b>24,784</b>	<b>-</b>	<b>1,088,351</b>	<b>19,445</b>	<b>-</b>	<b>1,616,025</b>
Charge for the year	-	4,234	347	8,683	23,875	1,833	-	-	65,031	5,628	-	109,630
Disposal	-	-	-	(18,541)	(100,010)	(750)	-	-	-	(17,761)	-	(137,062)
Reclassified	-	-	-	1,094	(2,037)	-	-	-	-	-	-	(943)
<b>At 31 December 2020</b>	<b>-</b>	<b>75,715</b>	<b>110,505</b>	<b>67,038</b>	<b>110,881</b>	<b>38,035</b>	<b>24,784</b>	<b>-</b>	<b>1,153,382</b>	<b>7,312</b>	<b>-</b>	<b>1,587,651</b>
<b>Carrying amount:</b>												
<b>At 31 December 2020</b>	<b>111,395</b>	<b>99,585</b>	<b>976</b>	<b>16,616</b>	<b>39,884</b>	<b>10,740</b>	<b>-</b>	<b>-</b>	<b>153,543</b>	<b>7,637</b>	<b>-</b>	<b>440,377</b>
<b>At 31 December 2019</b>	<b>111,395</b>	<b>101,566</b>	<b>394</b>	<b>15,838</b>	<b>32,582</b>	<b>1,373</b>	<b>-</b>	<b>-</b>	<b>207,742</b>	<b>24,089</b>	<b>4,460</b>	<b>499,439</b>

There was no interest capitalised as part of Property, Plant and Equipment (PPE) during the year. The net carrying amount of leased assets as at 31 December 2020 is Nil (2019: Nil). Also, there was no existence or restrictions on the title to the Group and the Company's PPE. No asset was pledged as securities for liabilities during the year except for motor vehicles and two generators on finance lease as at 31 December 2019. No contractual commitment on any of the Group and the Company's PPE.

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

	The Group/The Company		
	Software N'000	Licence N'000	Total N'000
<b>17. Intangible asset</b>			
<b>Cost:</b>			
At 1 January 2019	333,144	25,610	358,754
Additions	235,949	-	235,949
<b>At 31 December 2019</b>	<b>569,093</b>	<b>25,610</b>	<b>594,703</b>
<b>At 1 January 2020</b>	<b>569,093</b>	<b>25,610</b>	<b>594,703</b>
Additions	-	-	-
<b>At 31 December 2020</b>	<b>569,093</b>	<b>25,610</b>	<b>594,703</b>
<b>Amortisation;</b>			
At 1 January 2019	318,771	25,610	344,381
Amortisation charge for the year	8,821	-	8,821
<b>At 31 December 2019</b>	<b>327,592</b>	<b>25,610</b>	<b>353,202</b>
<b>At 1 January 2020</b>	<b>327,592</b>	<b>25,610</b>	<b>353,202</b>
Amortisation charge for the year	85,428	-	85,428
<b>At 31 December 2020</b>	<b>413,020</b>	<b>25,610</b>	<b>438,630</b>
<b>Carrying amount</b>			
<b>At 31 December 2020</b>	<b>156,073</b>	<b>-</b>	<b>156,073</b>
At 31 December 2019	241,501	-	241,501

The intangible assets are in respect of software for Vericash project with a net book value of N156million (2019: N241million). The software is deemed to have a finite useful life and thus amortised over a period of 3 - 5 years.

### 18. Investment in subsidiaries

The subsidiaries are set up to carry out the supply, installation, integration, maintenance and support of hardware, software, consultancy, and communications and managed services in Ghana, Uganda and Cameroun

		Group		Company	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
	<b>% Holding</b>				
CWG Cameroun	100	-	-	883	883
CWG Ghana	100	-	-	272,098	272,098
CWG Uganda	100	-	-	303	303
		<u>-</u>	<u>-</u>	<u>273,284</u>	<u>273,284</u>

# CWG PLC

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

### 18.1 Interest in subsidiaries

The summarised financial information of CWG Limited Ghana, CWG Limited Uganda and CWG Limited Cameroon are provided below. This information is based on amounts before inter-company eliminations.

	<b>CWG Ghana</b>		<b>CWG Uganda</b>		<b>CWG Cameroon</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Summary of statement of profit or loss and other comprehensive income:</b>						
Revenue	1,436,024	1,631,160	1,559,685	816,629	27,578	28,688
Operating expenses	(1,061,102)	(1,239,822)	(1,355,582)	(689,530)	(24,837)	(20,175)
Administrative expenses	(299,678)	(289,898)	(123,419)	(100,991)	(23,776)	(15,158)
Other operating income	90,390	42,756	-	-	-	-
Exchange gain/(loss)	8,865	20,900	(1,140)	413	-	-
Finance cost	-	-	(19,994)	(12,291)	-	-
<b>Profit before taxation</b>	<b>174,499</b>	<b>165,096</b>	<b>59,550</b>	<b>14,230</b>	<b>(21,035)</b>	<b>(6,645)</b>
Income tax expense	(53,180)	(44,650)	(16,075)	(4,544)	(607)	(631)
<b>Profit/(loss) for the year</b>	<b>121,319</b>	<b>120,446</b>	<b>43,476</b>	<b>9,686</b>	<b>(21,641)</b>	<b>(7,276)</b>
Other comprehensive (loss)/income	(95,066)	-	27,012	-	(4,031)	-
<b>Total comprehensive income/(loss)</b>	<b>26,253</b>	<b>120,446</b>	<b>70,487</b>	<b>9,686</b>	<b>(25,673)</b>	<b>(7,276)</b>
<b>Attributable to:</b>						
Equity holders of parent	26,253	120,446	70,487	9,686	(25,673)	(7,276)
<b>Summary of statement of financial position:</b>						
Inventories and cash and short-term deposits	165,926	42,678	168,633	21,640	996	15622
Trade and other receivables and prepayment	720,419	999,267	36,537	343,668	(94,743)	34571
Property, plant and equipment	5,545	12,040	-	1,601	1,108	1352
Right-of-use assets	-	-	6,263	14,615	-	-
Income tax receivable	17,163	47,897	-	-	-	-
Deferred tax (liabilities)/assets	(2,098)	(2,398)	623	(377)	-	-
Trade and other payables and contract liabilities	(556,396)	(727,370)	(94,453)	(293,164)	(36,616)	(155,144)
Interest-bearing loans and borrowings	-	-	(118,368)	(152,553)	-	-
Lease liability	-	-	(5,347)	(14,278)	-	-
Income tax payable	-	-	(6,013)	(3,764)	(17)	-
<b>Total equity</b>	<b>350,559</b>	<b>372,114</b>	<b>(12,125)</b>	<b>(82,612)</b>	<b>(129,273)</b>	<b>(103,599)</b>

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>19. Financial assets measured at FVOCI</b>				
At 1 January	<b>13,553</b>	13,553	<b>13,553</b>	13,553
Proceed from disposal	-	-	-	-
Gain on disposal	-	-	-	-
Fair value	<b>(2,188)</b>	-	<b>(2,188)</b>	-
<b>At 31 December</b>	<b><u>11,365</u></b>	<u>13,553</u>	<b><u>11,365</u></b>	<u>13,553</u>

The Group and the Company recognise gain or loss on financial assets measured at FVOCI within the other comprehensive income. The fair value of the equity instrument is N2.2million as at 31 December 2020 (2019: Nil).

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>At 31 December 2020</b>			
Financial assets measured at FVOCI:			
Quoted equity	<b><u>11,365</u></b>	<u>-</u>	<u>-</u>
<b>At 31 December 2019</b>			
Financial assets measured at FVOCI:			
Quoted equity	<b><u>13,553</u></b>	<u>-</u>	<u>-</u>

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>20. Inventories</b>				
ATM & Other inventory items	<b>440,158</b>	214,062	<b>440,158</b>	214,062
Work in progress	<b>145,357</b>	309,648	<b>145,357</b>	309,648
Goods in transit	-	250,236	-	250,236
<b>Total inventories</b>	<b><u>585,515</u></b>	<u>773,946</u>	<b><u>585,515</u></b>	<u>773,946</u>

**20.1.** Inventories value of N586 million (2019: N774 million) were carried at net realisable value. No amount was charged to statement of profit or loss and other comprehensive income in respect of written down value of inventories to net realizable value (2019: Nil). During the year 31 December 2020, NIL (2019: N534 million) was recognised as expense for inventories and WIP carried at net realisable value. This is recognised in cost of sales.

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>21. Trade &amp; other receivable</b>				
Trade receivable (Note 21.1)	<b>1,075,151</b>	2,070,277	<b>369,169</b>	1,117,102
Expected credit losses (Note 21.3)	<b>(126,889)</b>	(85,625)	<b>(88,249)</b>	(85,625)
	<b>948,262</b>	1,984,652	<b>280,920</b>	1,031,477
Contract assets (Note 21.4)	<b>723,412</b>	286,060	<b>680,777</b>	286,060
Other receivables (Note 21.2)	-	115,136	<b>25,215</b>	119,522
Due from related parties (Note 21.6)	-	-	<b>152,465</b>	151,871
Withholding tax receivables	<b>3,627,366</b>	3,129,452	<b>3,509,905</b>	3,052,729
Value added tax receivables	-	35,395	-	-
	<b>5,299,040</b>	<b>5,550,695</b>	<b>4,649,282</b>	<b>4,641,659</b>

**21.1** Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The carrying value of these items approximates their fair value.

**21.2.** Other receivables consist largely of debit balances in trade creditors.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2,020</b>	<b>2,019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>21.3. Expected credit loss- Trade receivable</b>				
At 1 January	<b>85,625</b>	407,936	<b>85,625</b>	407,936
Additional provision for expected credit loss	<b>41,264</b>	-	<b>2,624</b>	-
Bad debt written off	-	(202,737)	-	(202,737)
Write back during the year	-	(119,574)	-	(119,574)
	<b>126,889</b>	<b>85,625</b>	<b>88,249</b>	<b>85,625</b>

At 31 December 2020, there was no write back (2019: N119.6 million) in the ECL provisions on trade and other receivables. The computation in line with the requirements of IFRS 9 resulted in impairment provision for impairment of N2.6million as at 31 December 2020 (2019: Nil).

### **21.4. Contract assets**

Contract assets relates to unbilled revenue at the end of the year. In line with the application of the standard on impairment of financial instruments, the below represents contract assets balances as at reporting date.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2,020</b>	<b>2,019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Contract assets - gross	<b>729,642</b>	286,823	<b>687,007</b>	286,823
Expected credit losses (Note 21.5)	<b>(6,230)</b>	(763)	<b>(6,230)</b>	(763)
	<b>723,412</b>	<b>286,060</b>	<b>680,777</b>	<b>286,060</b>

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

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
<b>21.5 Expected credit losses - Contract assets</b>				
At 1 January	763	4,805	763	4,805
Additional provision for expected credit loss	5,467	-	5,467	-
Write back during the year	-	(4,042)	-	(4,042)
	<u>6,230</u>	<u>763</u>	<u>6,230</u>	<u>763</u>

ECL computations in line with the requirements of IFRS 9 result in Expected credit loss provision of N6.23 million as at 31 December 2020 and N0.763 million.

### 21.6 Due from/(to) related parties

The aggregate value of transactions and outstanding balances relating to these entities were as follows:

Related Parties	Nature of Transactions	Relationship	2020		2019	
			Due from related parties	Due to related parties	Due from related parties	Due to related parties
			N'000	N'000	N'000	N'000
CWG Ghana	Advances and payment of salaries	Subsidiary	-	89,000	-	91,097
CWG Uganda	Advances and payment of salaries	Subsidiary	57,815		57,938	-
CWG Cameroun	Advances and payment of salaries	Subsidiary	98,957		98,957	-
ECL on Intercompany receivables			(4,307)		(5,024)	-
<b>Net amounts due from/(to) related parties</b>			<u>152,465</u>	<u>89,000</u>	<u>151,871</u>	<u>91,097</u>

### Terms and conditions of transactions with related parties

Transactions to and from related parties are made at terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2020, the Group and the Company has recorded provision for ECL of N4.3 million on the receivables relating to amounts due from related parties (2019: N5.024 million). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
<b>22. Prepayments</b>				
Project costs	514,087	423,100	514,087	425,820
Staff advances	12,835	9,586	10,991	6,866
Other prepayments	103,443	215,130	88,527	86,142
	<u>630,365</u>	<u>647,816</u>	<u>613,605</u>	<u>518,828</u>

Other prepayments are mainly attributable to prepaid equity contribution for staff cars, insurance and other prepaid charges during the year. The advances are expected to be paid within one year. The carrying value of these items approximates their fair values due to short term nature of the transactions.

# CWG PLC

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

### 23. Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts and restricted cash. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
Cash in hand	1,521	2,240	862	799
Cash at bank	817,072	148,175	482,176	69,676
Short term deposits	13,964	5,712	13,964	5,712
Restricted Cash	-	282,229	-	282,229
Gross cash and bank balances	<u>832,557</u>	<u>438,356</u>	<u>497,002</u>	<u>358,416</u>
Cash and bank balances as per statement of financial position	832,557	438,356	497,002	358,416
Restricted Cash	-	(282,229)	-	(282,229)
<b>23.1 Bank overdrafts</b>	<u>(7,568)</u>	<u>(19,574)</u>	<u>(7,568)</u>	<u>(19,574)</u>
Cash and bank balances as per statement of cash flows	<u>824,989</u>	<u>136,553</u>	<u>489,434</u>	<u>56,613</u>
<b>24. Share capital</b>				
<b>Authorised:</b>				
3,500,000,000 ordinary shares of 50kobo each	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>
<b>24.1 Issued and fully paid:</b>				
2,524,826,359 ordinary shares of 50kobo each	<u>1,262,413</u>	<u>1,262,413</u>	<u>1,262,413</u>	<u>1,262,413</u>
<b>24.2 Share premium</b>	<u>1,852,748</u>	<u>1,852,748</u>	<u>1,852,748</u>	<u>1,852,748</u>

The share premium is excess amount received over and above the par value of the shares. It forms part of the non-distributable reserves of the Group and the Company which can be used only for the purposes specified under Companies and Allied Matters Act, CAP C20, LFN 2004.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
<b>24.3 Accumulated losses</b>				
At 1 January	(2,898,736)	(2,971,646)	(2,794,210)	(2,837,642)
Adoption of new standard	-	168	-	-
Transfer to FV reserve of FA designated at FVOCI	-	-	-	-
Profit or Loss for the year	<u>443,154</u>	<u>72,742</u>	<u>295,695</u>	<u>43,432</u>
<b>At 31 December</b>	<u>(2,455,582)</u>	<u>(2,898,736)</u>	<u>(2,498,515)</u>	<u>(2,794,210)</u>

The Group and the Company's accumulated losses comprises of the Group and the Company's accumulated loss, net of distribution made to equity holders.

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>24.4 FV reserve of FA designated at FVOCI</b>				
At 1 January	<b>6,162</b>	6,162	6,162	6,162
Transfer from retained earnings	-	-	-	-
OCI for the year	<b>(2,188)</b>	-	<b>(2,188)</b>	-
<b>At 31 December</b>	<b><u>3,974</u></b>	<u>6,162</u>	<b><u>3,974</u></b>	<u>6,162</u>

The reserve comprises the cumulative net change in the fair value of the Group and the Company's financial assets measured at FVOCI.

### 24.5 Foreign currency translation reserve

At 1 January	<b>(30,667)</b>	(35,034)	-	-
Exchange differences on translating foreign operations	<b>(72,678)</b>	4,367	-	-
<b>At 31 December</b>	<b><u>(103,345)</u></b>	<u>(30,667)</u>	<u>-</u>	<u>-</u>

The translation reserve comprises all currency exchange differences arising from the translation of the financial statements of non-naira denominated operations into the presentation currency of the Group and the Parent Company.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>25. Trade &amp; other payables</b>				
Trade payables	<b>3,038,975</b>	3,337,070	<b>2,323,721</b>	2,640,048
Due to related party (Note 21.5)	-	-	<b>89,000</b>	91,097
Other payables (Note 25.1)	<b>2,735,205</b>	2,562,844	<b>2,736,966</b>	2,484,164
Accruals	<b>987,963</b>	1,288,444	<b>924,989</b>	1,210,499
	<b><u>6,762,143</u></b>	<u>7,188,358</u>	<b><u>6,074,676</u></b>	<u>6,425,808</u>

The accruals relate to provision for pension, Pay-As-You Earned, Industrial Training Funds (ITF) and

### 25.1 Other payables

Value added taxes	<b>2,412,998</b>	2,233,376	2,414,918	2,190,835
Withholding Tax	<b>309,520</b>	287,315	309,361	287,555
Unclaimed dividend	<b>6,178</b>	5,711	6,178	5,711
Sundry creditors	<b>6,509</b>	36,442	6,509	63
	<b><u>2,735,205</u></b>	<u>2,562,844</u>	<b><u>2,736,966</u></b>	<u>2,484,164</u>

Terms and conditions of the above Trade and other payables:

\* Trade payables are non-interest bearing and are normally settled on 45-day terms .

\* Other payables are non-interest bearing and have an average term of six months

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>26. Lease liability</b>				
Lease under IFRS 16 (Note 26.1)	<b>53,082</b>	103,822	47,736	89,544
	<b>53,082</b>	103,822	47,736	89,544
Current portion	<b>32,972</b>	67,844	<b>27,626</b>	53,566
Non-current portion	<b>20,110</b>	35,978	<b>20,110</b>	35,978
	<b>53,082</b>	103,822	<b>47,736</b>	89,544
<b>26.1 Movement in lease liability</b>				
At 1 January	<b>103,822</b>	29,197	<b>89,544</b>	29,197
Additions during the year	-	22,846	-	113,091
Accretion of interest	<b>17,083</b>	135,377	<b>14,081</b>	19,956
Repayment of principal during the year	<b>(50,434)</b>	602	<b>(41,808)</b>	(60,192)
Repayment of interest during the year	<b>(17,083)</b>	(12,508)	<b>(14,081)</b>	(12,508)
Exchange difference	<b>(306)</b>	(71,693)	-	-
<b>At 31 December</b>	<b>53,082</b>	103,822	<b>47,736</b>	89,544

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

### 26.2 Group/Company as a Lessee

The group and the Company has lease contracts for rented office buildings, guesthouses, warehouses, motor vehicles for key management staff and generators for the Group and the Company's operations. Leases of rented office buildings generally have lease terms between 2 and 3 years, while guest houses has 1 to 2 years lease term. The group and the Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The group and the Company also has certain leases of office building, guesthouses and warehouses with lease terms of less than 12 months. The Group and the Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Guest Houses N'000	Office Building N'000	Plant & Machinery N'000	Motor Vehicle N'000	Total N'000
<b>The Group</b>					
<b>Cost</b>					
At 1 January 2019	22,568	85,190	-	-	107,758
Transfer from property, plant and equipment	-	-	39,441	42,178	81,619
Additions	-	7,281	19,519	24,000	50,800
At 31 December 2019	<u>22,568</u>	<u>92,471</u>	<u>58,960</u>	<u>66,178</u>	<u>240,177</u>
<b>At 1 January 2020</b>	<b>22,568</b>	<b>92,471</b>	<b>58,960</b>	<b>66,178</b>	<b>240,177</b>
<b>Additions</b>	<b>3,500</b>	<b>26,711</b>	<b>-</b>	<b>-</b>	<b>30,211</b>
<b>Disposal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,419)</b>	<b>(32,419)</b>
<b>At 31 December 2020</b>	<b><u>26,068</u></b>	<b><u>119,182</u></b>	<b><u>58,960</u></b>	<b><u>33,759</u></b>	<b><u>237,969</u></b>
<b>DEPRECIATION</b>					
Transfer from property, plant and equipment	-	-	16,434	33,232	49,666
Depreciation charge for the year	10,459	40,596	11,893	5,940	68,888
Impairment	7,500	-	-	-	7,500
Exchange difference	-	108	-	-	108
At 31 December 2019	<u>17,959</u>	<u>40,704</u>	<u>28,327</u>	<u>39,172</u>	<u>126,162</u>
<b>At 1 January 2020</b>	<b>17,959</b>	<b>40,704</b>	<b>28,327</b>	<b>39,172</b>	<b>126,162</b>
Depreciation charge for the year	<b>6,068</b>	<b>42,351</b>	<b>14,740</b>	<b>8,440</b>	<b>71,599</b>
Disposal	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,419)</b>	<b>(32,419)</b>
At 31 December 2020	<b><u>24,027</u></b>	<b><u>83,055</u></b>	<b><u>43,067</u></b>	<b><u>15,193</u></b>	<b><u>165,342</u></b>
<b>Carrying value</b>					
<b>At 31 December 2020</b>	<b><u>2,041</u></b>	<b><u>36,127</u></b>	<b><u>15,893</u></b>	<b><u>18,566</u></b>	<b><u>72,627</u></b>
<b>At 31 December 2019</b>	<b><u>4,609</u></b>	<b><u>51,767</u></b>	<b><u>30,633</u></b>	<b><u>27,006</u></b>	<b><u>114,015</u></b>

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	Guest Houses N'000	Office Building N'000	Plant & Machinery N'000	Motor Vehicle N'000	Total N'000
<b>The Company</b>					
Cost					
At 1 January 2019	-	-	-	-	-
Transfer from prepayment and property, plant and equipment	22,568	61,884	39,441	42,178	166,071
Additions	-	7,281	19,519	24,000	50,800
At 31 December 2019	<u>22,568</u>	<u>69,165</u>	<u>58,960</u>	<u>66,178</u>	<u>216,871</u>
<b>At 1 January 2020</b>	<b><u>22,568</u></b>	<b><u>69,165</u></b>	<b><u>58,960</u></b>	<b><u>66,178</u></b>	<b><u>216,871</u></b>
Additions	3,500	26,711	-	-	30,211
Disposal	-	-	-	(32,419)	(32,419)
At 31 December 2020	<u>26,068</u>	<u>95,876</u>	<u>58,960</u>	<u>33,759</u>	<u>214,663</u>
<b>Accumulated depreciation</b>					
At 1 January 2019	-	-	-	-	-
Transfer from prepayment and property, plant and equipment	-	-	16,434	33,232	49,666
Depreciation charge for the year	10,453	32,018	11,893	5,940	60,305
Impairment	7,500	-	-	-	7,500
At 31 December 2019	<u>17,953</u>	<u>32,018</u>	<u>28,327</u>	<u>39,172</u>	<u>117,471</u>
<b>At 1 January 2020</b>	<b><u>17,953</u></b>	<b><u>32,018</u></b>	<b><u>28,327</u></b>	<b><u>39,172</u></b>	<b><u>117,471</u></b>
Depreciation charge for the year	6,068	33,408	14,740	8,440	62,656
Disposal	-	-	-	(32,419)	(32,419)
<b>At 31 December 2020</b>	<b><u>24,021</u></b>	<b><u>65,426</u></b>	<b><u>43,067</u></b>	<b><u>15,193</u></b>	<b><u>147,708</u></b>
<b>Carrying amount:</b>					
<b>At 31 December 2020</b>	<b><u>2,047</u></b>	<b><u>30,450</u></b>	<b><u>15,893</u></b>	<b><u>18,566</u></b>	<b><u>66,955</u></b>
At 31 December 2019	<u>4,615</u>	<u>37,147</u>	<u>30,633</u>	<u>27,006</u>	<u>99,400</u>

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
<b>27. Short-term interest-bearing loans and borrowings</b>				
Interest-bearing loans and borrowings (Note 27.1)	<b>257,226</b>	389,553	<b>138,858</b>	237,000
Bank overdrafts (Note 23.1)	<b>7,568</b>	19,574	<b>7,568</b>	19,574
	<b><u>264,794</u></b>	<u>409,127</u>	<b><u>146,426</u></b>	<u>256,574</u>
<b>27.1 Interest-bearing loans and borrowings</b>				
Stanbic Bank Uganda (Note 27.1.1)	<b>118,368</b>	152,553	-	-
Stanbic IBTC Nigeria	-	237,000	-	237,000
United Bank for Africa Nigeria (Note 27.1.2)	<b>138,858</b>	-	<b>138,858</b>	-
	<b><u>257,226</u></b>	<u>389,553</u>	<b><u>138,858</u></b>	<u>237,000</u>
<b>27.2 Movement in Interest-bearing loans and borrowings</b>				
At 1 January	<b>389,553</b>	380,910	<b>237,000</b>	260,041
Additions during the year	<b>1,538,400</b>	268,684	<b>1,538,400</b>	237,000
Interest accrued	<b>69,190</b>	28,647	<b>50,530</b>	(19,246)
Repayment of loan principal during the year	<b>(1,636,542)</b>	(260,041)	<b>(1,636,542)</b>	(260,041)
Repayment of interest during the year	<b>(112,186)</b>	(28,647)	<b>(50,530)</b>	19,246
Exchange difference	<b>8,810</b>	-	-	-
<b>At 31 December</b>	<b><u>257,226</u></b>	<u>389,553</u>	<b><u>138,858</u></b>	<u>237,000</u>

### 27.1.1 Stanbic Bank Uganda

In July 2015, the CWG Uganda was granted a local purchase order financing facility by Stanbic Bank Limited. The facility amount granted was a maximum of USD 500,000. The facility was granted to finance working capital requirements of the Company. The facility is a drawdown on the Company's account as a short term loan for a maximum of 120 days with a 30 days roll-over option. The facility is co-available in United States Dollars (USD). The interest on the facility is charged at 11.75% per annum. As at 31 December 2019, UGX 1,545 million had been drawn down by the Company. The loan is repayable not later than 120 days from the date of avilment with a 30 days roll-over option.

### 27.1.2 United Bank for Africa Nigeria

CWG Nigeria on 9 December 2019 was granted an Invoice Discounting Facility(IDF) which contains a total amount of N300 million naira .The facility was to discount invoices 70% for investment and 65% fo non-investment grade names, with a tenor of 365 days with a 90 day cycle. Interest charged on the IDF is 20% per annum with a 0.5% flat payable upfront. As at 31 December 2020, N436,524,999.90 had been drawn down from this Invoice Discounting Facility, with N145,359,999.90 partly paid leaving a balance of N3,857,745; and another loan of N135,000,000 still running.

# CWG PLC

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>N'000</b>	N'000	<b>N'000</b>	N'000
<b>28. Contract liability</b>				
At 1 January	<b>346,872</b>	735,893	<b>225,414</b>	651,882
Arising during the year	<b>7,855,914</b>	346,872	<b>7,855,914</b>	225,414
Released to profit or loss	<b>(7,923,607)</b>	(735,893)	<b>(7,802,150)</b>	(651,882)
<b>At 31 December</b>	<b><u>279,179</u></b>	<u>346,872</u>	<b><u>279,178</u></b>	<u>225,414</u>
<b>29. Emoluments of directors and employees</b>				
Directors' emoluments comprise:				
Fees	<b>11,691</b>	5,200	<b>10,825</b>	5,200
Other remuneration	<b>47,242</b>	47,242	<b>47,242</b>	47,242
	<b><u>58,933</u></b>	<u>52,442</u>	<b><u>58,067</u></b>	<u>52,442</u>
Highest paid director	<b><u>47,242</u></b>	<u>47,242</u>	<b><u>47,242</u></b>	<u>47,242</u>
The average number of persons employed by the Group and Company during the year, including Directors, was as follows:				
	<b>Number</b>	Number	<b>Number</b>	Number
Technical	414	526	394	516
Non-technical	115	106	108	81
	<b><u>529</u></b>	<u>632</u>	<b><u>502</u></b>	<u>597</u>
The numbers of Directors whose gross emoluments are within the bands stated below were: -				
<b>N</b>	<b>Number</b>	Number	<b>Number</b>	Number
Up to - 1,000,000	4	4	4	4
1,000,001 - 2,000,000	-	-	-	-
2,000,001 - 3,000,000	-	-	-	-
Above - 3,000,000	1	1	1	1
	<b><u>5</u></b>	<u>5</u>	<b><u>5</u></b>	<u>5</u>
Executive Directors	1	1	1	1
Non-Executive Directors	5	5	5	5
	<b><u>6</u></b>	<u>6</u>	<b><u>6</u></b>	<u>6</u>
<b>29.1 Staff Costs - Salaries and allowances:</b>	<b>N'000</b>	N'000	<b>N'000</b>	N'000
Wages, Salaries, allowances	<b>1,003,249</b>	1,246,092	<b>745,018</b>	979,288
Pension costs	<b>43,509</b>	52,915	<b>36,312</b>	47,153
Other benefits- Welfare	<b>100,382</b>	56,278	<b>83,651</b>	54,617
	<b><u>1,147,140</u></b>	<u>1,355,285</u>	<b><u>864,981</u></b>	<u>1,081,058</u>

# CWG PLC

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

		<b>Group</b>		<b>Company</b>	
		<b>2020</b>	2019	<b>2020</b>	2019
The numbers of employees with gross emoluments within the bands stated below were:					
<b>N</b>	<b>N</b>	<b>Number</b>	Number	<b>Number</b>	Number
Up to -	1,000,000	160	174	160	174
1,000,001 -	2,000,000	232	262	220	227
2,000,001 -	3,000,000	84	59	74	59
Above -	3,000,000	53	138	48	138
		<u>529</u>	<u>633</u>	<u>502</u>	<u>598</u>
		<b>N'000</b>	N'000	<b>N'000</b>	N'000

### 29.2 Transactions with key management personnel

Compensation of key management personnel of the Group and the Company

Short-term employment benefits	47,242	47,242	47,242	47,242
Fees paid for meetings attended	<u>11,691</u>	<u>5,200</u>	<u>10,825</u>	<u>5,200</u>
Total compensation paid to key management personnel	<u>58,933</u>	<u>52,442</u>	<u>58,067</u>	<u>52,442</u>

### 30. Commitments and contingencies

The Group and the Company has various lease contracts that have not yet commenced as at 31 December 2020.

		<b>2020</b>		<b>2019</b>	
		Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
		<b>N'000</b>	N'000	<b>N'000</b>	N'000
Within one year		<b>27,626</b>	<b>27,626</b>	53,566	53,566
After one year but not more than five years		<u><b>20,110</b></u>	<u><b>20,110</b></u>	<u>35,978</u>	<u>35,978</u>
Total minimum lease payments		<b>47,736</b>	<b>47,736</b>	89,544	89,544
<b>Less:</b> Amount representing finance charge		<u>-</u>	<u>-</u>		
Present value of minimum lease payments		<u><b>47,736</b></u>	<u><b>47,736</b></u>	<u>89,544</u>	<u>89,544</u>

### 31. Events after the reporting year

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date

### 32. Comparative figures

Where necessary, comparative figures have been reclassified to ensure proper disclosure and uniformity with current year's presentation. These re-classifications have no net impact on these financial statements.

**CWG PLC**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

## **Other National Disclosures**

## CWG PLC

### CONSOLIDATED STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2020

	Group				Company			
	2020 N'000	%	2019 N'000	%	2020 N'000	%	2019 N'000	%
Revenue	11,715,819		9,566,537		8,692,531		7,090,060	
Other income	132,550		1,139,175		37,853		1,097,461	
	<b>11,848,369</b>		<b>10,705,712</b>		<b>8,730,384</b>		<b>8,187,521</b>	
Bought-in-material and services:								
- Local	(9,780,905)		(8,468,928)		(7,200,545)		(6,288,937)	
- Imported	-		-		-		-	
<b>Value added</b>	<b>2,067,464</b>	<b>100</b>	<b>2,236,784</b>	<b>100</b>	<b>1,529,839</b>	<b>100</b>	<b>1,898,584</b>	<b>100</b>

#### Applied as follows:-

##### To pay employees

- Wages, salaries and other staff costs	1,147,140	56	1,355,285	61	864,981	57	1,081,058	57
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##### To pay government

- Corporate tax	104,109	5	563,323	25	34,248	2	547,868	29
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##### To pay provider of capital

- Interest expense and similar charges	97,283	6	73,121	3	77,290	5	60,830	3
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##### To provide for replacement of assets dividend to shareholders and development of business

- Deferred tax write back	(1,300)	(0)	(13,496)	(1)	-	-	-	-
- Depreciation and amortization	277,078	13	185,809	8	257,625	17	165,396	9
Profit for the year	443,154	20	72,742	3	295,695	19	43,432	2

<b>Value added</b>	<b>2,067,464</b>	<b>100</b>	<b>2,236,784</b>	<b>100</b>	<b>1,529,839</b>	<b>100</b>	<b>1,898,584</b>	<b>100</b>
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Value added represents the additional wealth which the company has been able to create by its own and its employees effort. The statements shows the allocation of that wealth among the employees, capital providers, Government and that retained for creation of more wealth.

# CWG PLC

## FINANCIAL SUMMARY - GROUP

31 DECEMBER	2020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
<b>Statement of financial position</b>					
<b>Assets employed</b>					
Non current assets	687,715	883,501	631,606	1,197,413	1,424,185
Current assets	7,364,640	7,458,710	9,684,743	11,295,747	13,344,095
<b>Total assets</b>	<b>8,052,355</b>	<b>8,342,211</b>	<b>10,316,349</b>	<b>12,493,160</b>	<b>14,768,280</b>
<b>Liabilities</b>					
Creditors within one year	7,469,939	8,111,538	10,194,856	10,889,980	11,581,893
Creditors due after one year	22,208	38,753	6,850	29,663	-
<b>Total liabilities</b>	<b>7,492,147</b>	<b>8,150,291</b>	<b>10,201,706</b>	<b>10,919,643</b>	<b>11,581,893</b>
<b>Capital employed</b>					
Issued share capital	1,262,413	1,262,413	1,262,413	1,262,413	1,262,413
Share premium	1,852,748	1,852,748	1,852,748	1,852,748	1,852,748
Accumulated losses	(2,455,582)	(2,898,736)	(2,971,646)	(1,527,895)	48,535
Fair value reserve of financial assets at FVOCI	3,974	6,162	6,162	11,994	(846)
Foreign currency translation reserve	(103,345)	(30,667)	(35,034)	(25,743)	23,537
<b>Total equity and liabilities</b>	<b>8,052,355</b>	<b>8,342,211</b>	<b>10,316,349</b>	<b>12,493,160</b>	<b>14,768,280</b>
<b>Statement of profit or loss account and other comprehensive income</b>					
Revenue	11,715,819	9,566,537	7,755,122	8,827,460	10,165,971
Direct costs	(9,080,002)	(7,241,345)	(5,898,460)	(6,308,233)	(7,692,666)
Gross profit	2,635,817	2,325,192	1,856,662	2,519,227	2,473,305
Other income	132,550	1,139,175	142,213	80,139	53,458
Administrative expenses	(2,099,710)	(2,533,078)	(3,293,162)	(3,329,996)	(2,613,857)
Exchange loss/ (gain)	(24,615)	(224,551)	238,382	(659,881)	341,617
Finance costs	(97,283)	(73,121)	(60,374)	(125,912)	(152,757)
Finance income	504	391	1,525	5,754	40,238
Profit/(loss) on ordinary activities before tax	547,263	634,008	(1,114,754)	(1,510,669)	142,004
Income tax expense	(104,109)	(561,266)	(31,484)	(65,761)	(14,329)
Profit/(loss) after taxation	443,154	72,742	(1,146,238)	(1,576,430)	127,675
Earning/(loss) per share - basic (kobo)	0.18	0.03	(0.45)	(0.62)	0.05
Net Asset per share (kobo)	3.19	3.30	4.09	4.95	5.85

# CWG PLC

## FINANCIAL SUMMARY - COMPANY

<b>31 DECEMBER</b>	<b>2020</b>	2019	2018	2017	2016
	<b>N'000</b>	N'000	N'000	N'000	N'000
<b>Assets employed</b>					
Non current assets	<b>948,054</b>	1,127,177	3,015,000	3,041,185	3,840,601
Current assets	<b>6,345,404</b>	6,292,849	906,622	840,190	1,179,618
<b>Total assets</b>	<b>7,293,458</b>	7,420,026	3,921,622	3,881,375	5,020,219
<b>Liabilities</b>					
Creditors within one year	<b>6,652,727</b>	7,056,935	1,577,688	1,826,115	2,247,088
Creditors due after one year	<b>20,110</b>	35,978	554,100	323,838	709,669
<b>Total liabilities</b>	<b>6,672,837</b>	7,092,913	2,131,788	2,149,953	2,956,757
<b>Capital employed</b>					
Issued share capital	<b>1,262,413</b>	1,262,413	828,850	828,850	828,850
Share premium	<b>1,852,748</b>	1,852,748	575,391	575,391	575,391
Accumulated losses	<b>(2,498,515)</b>	(2,794,210)	382,553	366,772	726,410
Fair value reserve of financial assets at FVOCI	<b>3,974</b>	6,162	-	-	-
Foreign currency translation reserve	<b>-</b>	-	3,040	(39,591)	(67,189)
<b>Total equity and liabilities</b>	<b>7,293,458</b>	7,420,026	3,921,622	3,881,375	5,020,219
<b>Statement of profit or loss account and other comprehensive income</b>					
Revenue	<b>8,692,531</b>	7,090,060	6,018,112	6,211,629	8,558,821
Direct costs	<b>(6,638,481)</b>	(5,215,724)	(4,641,243)	(4,201,517)	(6,466,464)
<b>Gross profit</b>	<b>2,054,050</b>	1,874,336	1,376,869	2,010,112	2,092,357
Other income	<b>37,853</b>	1,097,461	141,940	78,939	32,064
Administrative expenses	<b>(1,652,834)</b>	(2,074,194)	(2,906,239)	(2,824,754)	(2,307,276)
Exchange (loss)/gain	<b>(32,340)</b>	(245,864)	246,849	(691,283)	319,457
Finance costs	<b>(77,290)</b>	(60,830)	(50,195)	(114,747)	(144,753)
Finance income	<b>504</b>	391	1,525	5,754	40,238
<b>Profit/(Loss) on ordinary activities</b>					
Profit/(Loss) before taxation	<b>329,943</b>	591,300	(1,189,251)	(1,535,979)	32,087
Income tax expense	<b>(34,248)</b>	(547,868)	(38,314)	-	-
Profit/(loss) after taxation	<b>295,695</b>	43,432	(1,227,565)	(1,535,979)	32,087
Earnings/(Loss) per share - basic (kobo)	<b>0.12</b>	<b>0.02</b>	<b>(0.49)</b>	<b>(0.61)</b>	<b>0.01</b>