Guinness Nigeria Plc

Financial Statements - 30 June 2021

Together with Directors' and Independent Auditor's Reports

Contents

Financial Highlights

	2021	2020	Change
	₦'000	₦'000	%
Results			
Revenue	160,416,257	104,376,015	54%
Operating profit/(loss)	9,871,498	(12,832,256)	(177%)
Profit/(Loss) for the year	1,255,338	(12,578,818)	(110%)
Total comprehensive income/(loss) for the year	1,248,435	(12,692,940)	(110%)
Restructuring cost	4,956	160,551	(97%)
Declared dividend	-	3,329,382	(100%)
Proposed dividend	1,007,576	-	100%
Total equity	74,286,575	73,038,140	2%
Data per 50 kobo share (in kobo)			
Basic and diluted earnings per share	57	(574)	(110%)
Declared dividend	-	152	(100%)
Net assets	3,391	3,334	2%

Board of Directors and Corporate Information

Directors

Dr Omobola Johnson ****	– Board Chair, Independent Non-Executive Director
R. J. O'Keeffe (Irish)	– Vice-Chairman, Non-Executive Director
B. Magunda (Ugandan)	– Managing Director/Chief Executive Officer
Z. Abdurrahman (Mrs.)	– Independent Non-Executive Director
S.T. Dogonyaro OON	– Independent Non-Executive Director
F. N. O. Edozien (Ms.)	– Independent Non-Executive Director
L. Breen (British)	– Non-Executive Director
M.D. Sandys (British)	– Non-Executive Director
M.O. Ayeni (Mrs.)	– Independent Non-Executive Director
F. Ajogwu, SAN (Prof.)	– Independent Non-Executive Director
B.A. Savage ,FCA*	– Outgone Board Chairman, Non-Executive Director
B. J. Rewane**	– Non-Executive Director
S.W. Njoroge (Kenyan) ***	– Executive Director

** B.A. Savage ,FCA retired from the Board effective 30th June 2021*
*** B. J. Rewane retired from the Board effective 31st December 2020*
**** S.W. Njoroge resigned from the Board effective 31st July 2021*
***** Dr Omobola Johnson was appointed Board Chair effective 1st July 2021*

Company Secretary
Rotimi Odusola
24, Oba Akran Avenue
P.M.B. 21071 Ikeja
Tel: (01) 2709100

Registrars and Transfer Office
Veritas Registrars Limited
Plot 89A Ajose Adeogun Street
Victoria Island, Lagos
www.veritasregistrars.com

Independent Auditor
PricewaterhouseCoopers
(Chartered Accountants)
Landmark Towers
Plot 5B, Water Corporation Road
Victoria Island Lagos
www.pwc.com/ng/en

Head Office
24, Oba Akran Avenue
P.M.B. 21071 Ikeja
Tel: (01) 2709100
Fax: (01) 2709338
www.guinness-nigeria.com

Bankers
Access Bank Plc
Citibank Nigeria Limited
First Bank of Nigeria Limited
First City Monument Bank Plc
Guaranty Trust Bank Plc
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Union Bank of Nigeria Plc
United Bank for Africa Plc
Zenith Bank Plc

Registration No
RC 771

Registered Office
The Ikeja Brewery
Oba Akran Avenue
P.M.B. 21071
Ikeja, Lagos

Breweries

Ogba Brewery
Acme Road, Industrial Estate Ogba
Tel: (01) 2709100
Fax: (01) 2709338

Aba Brewery
Osisioma Industrial Layout
Aba, Abia State
Tel: (01) 2709100
Fax: (01) 2709338

Benin Brewery
Benin-Asaba Road
Oregbeni Industrial Estate
Ikpoba Hill, Benin City
Tel: (01) 2709100
Fax: (01) 2709338

Board of Directors and Company Secretary

Dr. Omobola Johnson

Board Chair & Non-Executive Director (NED)

An alumnus of the prestigious University of Manchester, University of London and Cranfield University, Dr. Johnson started her professional career in management consulting in the London Office of Arthur Andersen/Andersen Consulting (now known as Accenture) in 1985.

In 2005, Dr. Johnson was appointed as Country Managing Director for Accenture. In March 2010, she sought early retirement from Accenture to enable her to pursue other interests. She was appointed as a member of Nigeria’s Presidential Advisory Council in 2010 providing support to the Acting President Goodluck Jonathan.

In 2011, she was appointed as Nigeria’s pioneer Minister of Communication Technology. During her four-year tenure at the Ministry, she oversaw the launch and execution of the National Broadband Plan and the pioneering involvement of government in a local VC fund and a network of start-up incubators. She served meritoriously in that capacity until May 2015.

In 2015 she joined TLCom Capital LLP, a technology venture capital fund, as a Senior Partner focused on investment and value generation for technology companies in sub-Saharan Africa. She is a Fellow of the Aspen Global Leadership Network (AGLN) and serves on the boards of several blue-chip companies.

Dr. Johnson is a Non-Executive Director and Board Chair effective 1st July 2021. She brings to the Board over 30 years of experience from both the private and public sectors of the Nigerian economy. She was appointed to the Board with effect from 29th January 2016. She is a member of the Finance, Audit & Risk Committee as well as the Nominations, Governance and Remunerations Committee. She resides in Nigeria.

Mr. Rory John O’Keeffe

Non - Executive Director & Vice Chairman

John O’Keeffe was previously Managing Director of Guinness Nigeria, prior to his current role at Diageo as President of Africa and Global Beer. Diageo is a leader in premium drinks and operates across 180 markets globally, as President for Africa John also sits on the Global Diageo Executive Committee.

During his 25-year career with Diageo, John has gained a wealth of experience across both emerging and developed markets working in Ireland, Jamaica, Sweden, Greece and Russia. Before leading Guinness Nigeria. He held a range of roles in general management, marketing and sales. John holds a Bachelor of Commerce (Hons) (Economics & Marketing) Degree from University College Cork, Ireland.

He was appointed to the Board of Guinness Nigeria on 1st July 2015 and elected as the Vice Chairman of the Board with effect from 19th September 2016. He is the Chairman of the Nomination, Governance and Remunerations Committee of the Board. He resides in the Republic of Ireland.

Mr. Baker Magunda

Managing Director/Chief Executive Officer

Baker gained his first degree in Economics at Makerere University in Uganda and Makerere University Business School. He also attended IESE and Strathmore Business Schools for postgraduate studies in Business and Leadership.

He started his career in Sales and Marketing at Coca-Cola Sabco in 1991. He was made Head of Sales in 1996 before joining Diageo in 1999. At Diageo, he served in several marketing roles before becoming Managing Director for Diageo’s businesses in Uganda, Kenya, Cameroon. Prior to joining the Guinness Nigeria team, he was Managing Director of Diageo Ethiopia and the Indian Ocean Markets.

His appointment as the Managing Director and Chief Executive Officer of Guinness Nigeria Plc was with effect from 1st July 2018. He resides in Nigeria.

Mrs. Zainab Abdurrahman

Independent Non - Executive Director (INED)

Mrs. Zainab Abdurrahman holds an honours degree in Economics from the Ahmadu Bello University, Zaria specializing in Finance, Operations Research, Statistics, Project Evaluation, Accounting and Economic Analysis. She joined the Nigerian National Petroleum Corporation (NNPC)in 1979 where she held a number of increasing leadership responsibilities including Managing Director; Group General Manager of NNPC Retail Limited in charge of NNPC Petrol Stations – Land and Floating; General Manager, Investment Division; Manager Domestic Investment and Finance; and Head, Domestic and International Investments. She has won the Group Managing Directors Merit Award on three different occasions and received letters of commendation for her diligence, commitment and deliverables to the organization, including a commendation from the Group Board. She represented NNPC interests on the board of several major Oil Service Companies and International Oil Trading Joint Venture Companies for several years. She attended a number of Management and Executive management courses locally, in the United Kingdom and the United States including the Watson Business School.

Mrs. Abdurrahman was appointed unto the Board on 4th November 2011. She is a member of the Finance, Audit and Risk Committee of the Board and she also represents the Board on the Statutory Audit Committee.

Board of Directors and Company Secretary (continued)

She is currently the CEO of Zinley Energy Services and a Board member of some other companies. She continues to have keen interest in the Oil and Gas industry, Insurance and the economy in general.

Ambassador Sunday Thomas Dogonyaro, OON

Independent Non - Executive Director (INED)

Amb Dogonyaro is an alumnus of Ahmadu Bello University, Zaria; London School of Economics & Political Science (LSE) of the University of London, London and the National Institute for Policy and Strategic Studies (NIPSS), Kuru, Jos, where he did his undergraduate and graduate studies. He is a Member of the Institute (mni) and Institute of Directors (M. IoD) Nigeria.

He had a brief stint in academia but built much of his career and held several leadership positions in the Nigerian Federal Government at home and Nigeria's Foreign Missions in London, Pretoria, Sao Tome and the New Partnership for Africa's Development (NEPAD) Secretariat in Midrand, South Africa. He was Ambassador-in-situ at and Coordinator of Programmes at NEPAD and Ambassador to Sao Tome & Principe.

He is the Co-Founder of African Policy Research Institute, Abuja. He was conferred the National Honour of Officer of the Order of Niger (OON) in 2002 for outstanding services to the country.

Amb Dogonyaro was appointed an Independent Non-Executive Director (INED) with effect from 4th September 2014 and currently is the Vice Chairman of the Nominations, Governance & Remuneration Committee of the Board. He resides in Nigeria.

Ms. Ngozi Edozien

Independent Non-Executive Director (INED)

Ms. Edozien has over 25 years' experience in finance/private equity, general management and strategy/business development functions with multinational companies in Europe, USA and Africa. She is an alumna of Harvard College and Harvard Business School, Harvard University.

She joined McKinsey & Company in 1992 and left as Associate Principal, in 1999 when she joined Pfizer Inc. as Vice President, Pfizer Global Pharmaceuticals (PGP) Strategic Planning and Business Development, a position she held until her appointment as the Regional Director, PGP East, Central and Anglophone West Africa in January 2005 a position she held till 2008. She served as Head of West Africa for Actis LLP from 2009 until 2014. She is the founder and Managing Director of Invivo Partners Limited and Physio Centres of Africa Ltd.

Ms. Edozien was appointed to the Board with effect from 26 November 2015 and is a member of the Finance and Risk Committee of the Board. She resides in Nigeria.

Mr. Leo Breen

Non - Executive Director (NED)

Mr. Leo Breen holds a Bachelor of Arts in Philosophy from Newcastle University and is a member of the Chartered Institute of Management Accountants. He has over 27 years of experience with Diageo Group and has overseen Finance operations for Diageo businesses in over 40 countries across Europe, Asia and Africa.

Leo was appointed Regional Finance Director for Diageo Africa in 2017 and is based out of London. He was appointed to the Board as a Non-Executive Director with effect from 25th April 2017. He is a member of the Finance, Audit & Risk Committee of the Board.

Mr. Mark Sandys

Non - Executive Director (NED)

Mark Sandys obtained an MA in English & French from Balliol College, Oxford University in 1996. He is a highly experienced Senior Marketing Executive with over 25 years' marketing experience in blue chip Companies. He has worked for Diageo Plc for 24 years in different capacities including as Global Strategy & Innovation Director Baileys, Marketing & Innovation Director, Diageo Russia & Eastern Europe (based in Moscow); Category Director, Whisky & Reserve, Asia Pacific.

He is currently the Global Head of Beer, Baileys, Smirnoff & Captain Morgan for Diageo Plc. He was appointed to the Board as a Non-Executive Director with effect from 30th August 2017. He is a member of the Nominations, Governance & Remunerations Committee of the Board. He resides in Ireland.

Board of Directors and Company Secretary (continued)

Mrs. 'Yemisi Ayeni

Independent Non - Executive Director (INED)

Mrs. 'Yemisi Ayeni is the immediate past Managing Director of Shell Nigeria Closed Fund Administrator Limited. A position she held for 10 years until her retirement in April 2015. She is a 1985 honours graduate of Accounting and Business Finance from the prestigious University of Manchester, UK: a 1989 Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales.

Mrs. Ayeni started her professional career with Price Waterhouse, London in 1985 where she spent 5 years working her way through variety of increasingly senior audit roles before moving to the Firm's Corporate Reconstruction and Insolvency team in 1990. She returned to Nigeria in 1991 as a Senior Manager in the Corporate Finance Team of Price Waterhouse, Lagos.

In 1994, Mrs. Ayeni joined Shell Nigeria and held a wide variety of roles during her 21 years with Shell. In November 2004, she was appointed Finance Director, Shell Exploration & Production Company Ltd (SNEPCO), earning her the distinction of being the first Nigerian Female to be appointed to the Board of a Shell Company in Nigeria.

Until her retirement, Mrs. Ayeni was a council Member of the Nigerian Stock Exchange and the chair of the Exchange's Demutualization and Technical Committees: Vice Chairman, Pension Fund Operators' Association and the Chair of the Association's Institute Committee. She is currently the chairperson of NASCON Allied Industries Plc and Non-Executive Director of Stanbic IBTC Pension Managers Ltd.

She was appointed to the Board as a Non-Executive Director with effect from 1st September 2018 and represents the Board on the Statutory Audit Committee. She resides in Nigeria.

Prof. Fabian Ajogwu, SAN

Non - Executive Director (NED)

Prof. Fabian Ajogwu, a Senior Advocate of Nigeria, practices law at Kenna Partners; and is a Lagos Business School Professor of Corporate Governance. He is an Alumnus of the Said Business School of Oxford University, and an Alumnus of the Lagos Business School. He holds a Doctorate degree in Law from University of Aberdeen, Scotland; an MBA from the IESE Business School, Barcelona; and Law degrees from the University of Nigeria, and University of Lagos.

The Learned Senior Advocate has been Lead Counsel to the Federal Government of Nigeria in several cases of national importance. He is the Author of the books – 'Ship Acquisition & Finance: Law & Practice'; 'Corporate Governance & Group Dynamics'; 'Corporate Governance in Nigeria: Law and Practice'; 'Commercial Arbitration in Nigeria: Law and Practice'; 'Fair Hearing'; 'Mergers & Acquisition in Nigeria: Law and Practice'; 'Law & Society'; and co-authored "Oral & Written Advocacy: Law & Practice"; 'Petroleum Law & Sustainable Development'; and 'Collecting Art: A Handbook'.

Professor Ajogwu chaired the Nigerian Communications Commission Committee on Corporate Governance that produced the first NCC Code of Corporate Governance for the Telecommunication Sector in 2014. He serves on the Financial Reporting Council of Nigeria 2018 Technical Committee on the National Code of Corporate Governance, having assisted the Securities and Exchange Commission in drafting Nigeria's pioneer Code of Corporate Governance in 2003. He is a Fellow of the Society for Corporate Governance Nigeria; a Fellow of the Nigerian Institute of Chartered Arbitrators, Fellow of the African Leadership Initiative West Africa, Henry Crown Global Leadership of the Aspen Institute and a Fellow of the AIFA Reading Society. He serves on the board of the Lagos Court of Arbitration, the Governing Council of the Nigerian Institute of Chartered Arbitrators, and the Governing Council of the Pan-Atlantic University (Lagos Business School). He served as a member of the General Council of the Bar, and the Council of Legal Education (Nigerian Law School). Professor Ajogwu is a member of the London Court of International Arbitration, and a member of the Lagos Court of Arbitration, and is listed on its panel of neutrals. He is also a member of the International Council for Commercial Arbitration.

Professor Ajogwu chairs the boards of Novare Group's subsidiaries in Nigeria (owners of Novare malls), ARM Harith Infrastructure Investment Ltd (Nigeria's pioneer infrastructure fund), and NES Global amongst others. He is a Non-Executive Director of Stanbic IBTC Holdings Plc and has served as Honorary Counsel to the State of Israel in Nigeria, Venezuela and Republic of South Africa in Nigeria.

He was appointed to the Board as a Non-Executive Director with effect from 1st November 2018. He resides in Nigeria.

Board of Directors and Company Secretary (continued)

Rotimi Odusola

Company Secretary

Rotimi qualified as a Legal Practitioner and was called to the Nigerian Bar in December 1993. He started his career first with the prestigious law firm of Aluko & Oyebode where he worked till February 2003 and left as a Senior Associate. He joined the Legal Department of MTN Nigeria Communications Limited contributing to the development and strengthening of the legal and regulatory function of the company and rising to the position of Senior Manager, Commercial Legal and Deputy Head of the Legal Department. In November 2014, Rotimi joined the Diageo Group as Legal Director and was later appointed as the Company Secretary of Guinness Nigeria PLC in January 2016 alongside his role as Legal Director. He also held the role of Company Secretary/Legal Adviser of Diageo Brands Nigeria Limited. Rotimi currently holds the position of Corporate Relations Director & Company Secretary for Guinness Nigeria PLC with oversight for a wide spectrum of stakeholder relationships management cutting across government agencies, regulatory bodies and public institutions. He also has responsibility for sustaining the deeply embedded corporate governance practices of the company.

Rotimi is an experienced business leader with vast corporate commercial legal experience in areas including company secretarial, corporate governance, compliance and ethics, corporate relations and regulatory affairs management, aviation and maritime law, intellectual property, banking, telecommunications, oil & gas, matrimonial causes and inheritance. He also has extensive experience in litigation management, courtroom advocacy and dispute resolution, having conducted proceedings before all Superior Courts in Nigeria. As an in-house solicitor, his experience spans the telecoms, oil & gas, information & technology and FMCG sectors.

He is a member of the Nigerian Bar Association (particularly the Section on Business Law and Corporate Counsel Forum), the International Bar Association as well as the Association of Corporate Counsel. Rotimi served as a Member of the Legal Profession Regulations Review Committee set up by the NBA in December 2016. He is also a member of the Institute of Chartered Secretaries & Administrators (ACIS) in Nigeria as well as the Institute of Directors (IoD Nigeria), currently serving as a member of the IoD Ethics Committee on the Review of Ethics for its Members and Employees from 2019 till date.

He is a 2014 Alumnus of the International Visitors Leadership Program of the US Department of State. He is passionate about mentoring and developing young people, particularly younger colleagues in the legal profession. He is currently a member of the Board of Governors of a reputable private secondary school in Lagos.

Rotimi graduated from the Ogun State University, Ago-Iwoye (1992) and the Nigeria Law School, (1993). He also holds an MBA (Honours) from the University of Leicester, UK (2014). He is a sports enthusiast and has served as the 2nd Vice-Chairman of the Lagos State Scrabble Sports Association (2013) and as a member of the Ad-Hoc Committee on the establishment of a Lagos Football Super League (2012).

Directors' Report

For the year ended 30 June 2021

The Directors are pleased to present to members their report together with the financial statements of Guinness Nigeria Plc (the Company) for the year ended 30 June 2021.

Legal Form and Principal Activities

Guinness Nigeria Plc, a public limited liability company quoted on the Nigerian Stock Exchange was incorporated 29 April 1950 as a trading company importing Guinness Stout from Dublin. The Company has since transformed into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Smooth, Malta Guinness, Guinness Gold, Harp Lager, Smirnoff Ice, Satzenbrau Lager, Dubic Malt, Snapp, Orijin Spirit Mixed Drink, Orijin Bitters, Smirnoff Ice Double Black with Guarana, Orijin Zero and Orijin Herbal Gin, Baileys Delight, Gordons Moringa among others.

Following the approval of the Board of Directors ("the Board"), Guinness Nigeria Plc acquired the rights to import, market, distribute and sell in Nigeria the International Premium Spirit brands of Diageo plc ("Diageo"), its parent company with effect from 1st January 2016. The Company now has exclusive distribution rights to Diageo's iconic brands in Nigeria including Baileys, Smirnoff, Gordons, Captain Morgan, Tanqueray, Ciroc and the Johnnie Walker range. Guinness Nigeria Plc installed Polyethylene terephthalate (PET) production lines and commenced production and sale of products in PET format in the 2018 financial year. The Company currently produces Malta Guinness, Orijin Zero and Dubic Malt in PET formats and also has PET formats for its Baileys Delight, Orijin Bitters and Orijin Herbal Gin.

Guinness Nigeria Plc also acquired the right to manufacture locally some of the most successful mainstream spirits brands in Nigeria that are part of Diageo brands including Baileys Delight, Smirnoff Vodka with Chocolate and Gordons Gin with Moringa. Our relationship with Diageo has also enabled us acquire the right to import, market, sell as well as the right to produce locally the world famous MrDowell's whiskey and Royal Challenge whiskey in Nigeria. This exciting diverse portfolio of fantastic brands makes Guinness Nigeria Plc the only Total Beverage Alcohol (TBA) business in Nigeria with the experience and unique capacity to cater for the needs of all consumer tastes and segments while delivering great value to its shareholders.

Operating Results

The following is a summary of the Company's operating results:

	2021	2020
	₦'000	N'000
Revenue	160,416,257	104,376,015
Operating profit/(loss)	9,871,498	(12,832,256)
Net finance costs	(4,101,988)	(4,241,385)
Profit/(loss) before taxation	5,769,510	(17,073,641)
Tax (expense)/credit	(4,514,172)	4,494,823
Profit/(loss) for the year	1,255,338	(12,578,818)
Other comprehensive loss net of tax	(6,903)	(114,122)
Total comprehensive income/(loss) for the year	1,248,435	(12,692,940)

Dividend

₦1,008 million dividend has been recommended by the Board of Directors for approval at the forthcoming Annual General Meeting (2020: Nil).

Board Changes

There have been some changes in the Board Composition since the last Annual General Meeting held on the 20th October 2020, however the board remains fit and properly structured to provide high level strategic direction and oversight for the company.

Mr Bismark Rewane retired from the board effective 31th December 2020 while Mr Babatunde Savage retired from his position as Chairman of the Board of Directors after 40 meritorious years of service effective 30th June 2021.
In addition, Dr Omobola Johnson took over the helms of affairs as Board Chair effective 1st July 2021.
Similarly, during the year, Mr. Stanley Njoroge, our Finance & Strategy Director resigned from the services of the Company with effect from the 31st of July 2021.

The Directors to retire by rotation are Messrs F. Ajogwu, SAN (Prof.), S.T. Dogonyaro OON , F. N. O. Edozien (Ms.) and being eligible hereby offer themselves for re-election.

Record of Directors' Attendance

The register showing directors' attendance at Board Meetings will be made available for inspection at the Annual General Meeting as required by Section 284(2) of the Companies and Allied Matters Act, 2020

Directors' Report (continued)

Directors and their Interests

The interests of Directors in the issued share capital of the Company during the financial year as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 301 of the Companies and Allied Matters Act and in compliance with the listing requirements of the Nigerian Stock Exchange are as follows:

Directors	As at 30 June 2021 Number of shares	As at 30 June 2020 Number of shares
B.A. Savage, FCA	650,000	650,000
R. J. O'Keeffe	Nil	Nil
B. Magunda	Nil	Nil
B. J. Rewane	36,384	36,384
Z. Abdurrahman	Nil	Nil
Amb. S. T. Dogonyaro	Nil	Nil
Omobola Johnson (Dr)	Nil	Nil
Ngozi Edozien (Ms.)	Nil	Nil
Mr. Leo Breen	Nil	Nil
Mr. Mark Sandys	Nil	Nil
S.W. Njoroge	Nil	Nil
M. O. Ayeni (Mrs.)	75,000	Nil
F. Ajogwu, SAN (Prof.)	Nil	Nil

Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act 2020 of any declarable interest in contracts in which the Company is involved.

Shareholding and Substantial Shareholder

The issued and fully paid-up share capital of the Company is 2,190,382,819 ordinary shares of 50 kobo each (2020: 2,190,382,819 ordinary shares of 50 kobo each). The Register of Members shows that the following Shareholders held more than 5% interest in the Company:

- Guinness Overseas Limited (a subsidiary of Diageo plc) with 1,099,230,804 ordinary shares (2020: 1,099,230,804 ordinary shares) constituting 50.18% shareholding (2020: 50.18% shareholding);
- Atalantaf Limited (a subsidiary of Diageo plc) with 171,712,564 ordinary shares (2020: 171,712,564 ordinary shares) constituting 7.84% shareholding (2020: 7.84% shareholding);
- Stanbic IBTC Nominees Limited with 119,250,813 ordinary shares (2020: 147,181,975 ordinary shares) constituting 5.44% shareholding (2020: 6.71% shareholding);
- Mutima Opportunity Fund with 112,502,111 ordinary shares (2020:- ordinary shares) constituting 5.14% shareholding (2020: -% shareholding).

REPORT ON CORPORATE GOVERNANCE

Good corporate governance practices constitute the hallmark of our corporate culture in Guinness Nigeria Plc. Our actions and interactions with our consumers, customers, employees, government officials, suppliers, shareholders and other stakeholders reflect our values, beliefs and principles.

Our business is largely self-regulated and we pride ourselves as leading our peers in the industry and Nigeria in this regard. In addition to self-regulation at standards often above the minimum legal or regulatory requirements, we are committed to conducting business in line with best practice, in accordance with applicable laws and regulations in Nigeria, in line with the requirements of the Nigerian Stock Exchange as well as in compliance with the Code of Corporate Governance in Nigeria.

To further sustain our commitment to ethical business standards, values of integrity, honesty and fairness, as well as good corporate governance, Guinness Nigeria Plc signed up to and has remained a member of the Convention on Business Integrity in Nigeria since September 2011. The Board and the Company was also successfully re-certified under the Corporate Governance Rating System (CGRS) implemented by the Nigerian Stock Exchange.

The Company complied with other corporate governance requirements during the year under review as set out below:

1. Board of Directors

The Board is responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks while evaluating and directing implementation of Company controls and procedures including, in particular, maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. There are currently four (4) regularly scheduled Board meetings during each financial year, and the Board meets whenever required to ensure the discharge of its functions. In the course of the past financial year, the Board met a total of five (5) times to deliberate on matters related to the Company with active participation from all Directors, including one special Board session in June 2021.

Directors' Report (continued)

2. Composition of the Board of Directors and Procedure for Board Appointments

During the financial year 2021, the Board consisted of the Chairman, 10 non-executive directors and 2 executive directors. Six (6) of the non-executive directors are independent as defined under the provisions of the Code of Corporate Governance 2018. The Board is independent of Management of Guinness Nigeria PLC and its parent company Diageo, and the members of the Board are free from any constraints, which may materially affect the exercise of their judgement as directors of the Company.

All directors are selected and appointed on the basis of core competencies that strengthens the capacity of the Board including experience in marketing, general operations, strategy, law, corporate governance and compliance, business consulting, human resources, technology, media or public relations, finance or accounting, retail, consumer products, international business/markets, public affairs and government relations, logistics, product design, merchandising, general management or other relevant experience. In addition to having one or more of these core competencies, candidates for appointment as Directors are identified and considered on the basis of their knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand and contribute to the enhancement of the Company's business.

3. Separation of the Positions of Chairman and Managing Director

In accordance with good corporate governance practices, the positions of the Managing Director and that of the Chairman of the Board are occupied by different persons; and the Managing Director is responsible for implementation of the Company's business strategy set by the Board and for the day-to-day management of the business.

4. Schedule of matters reserved for the Board

The following are the matters reserved for the Board of Directors of the Company:

i. Strategy and management
   - Input into the development of the long-term objectives and overall commercial strategy for the Company.
   - Oversight of the Company's operations.
   - Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
   - Extension of the Company's activities into new business or geographic areas.
   - Any decision to cease to operate all or any material part of the Company's business.

ii. Structure and capital
   - Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
   - Major changes to the Company's corporate structure.
   - Changes to the Company's management and control structure.
   - Any changes to the Company's listing or its status as a publicly listed company.

iii. Financial reporting and controls
   - Approval of preliminary announcements of interim and final results.
   - Approval of the annual report and accounts, including the corporate governance statement.
   - Approval of the dividend policy.
   - Declaration of the interim dividend and recommendation of the final dividend.
   - Approval of any significant changes in accounting policies or practices.
   - Approval of treasury policies including foreign currency exposure.

iv. Internal controls

   Ensuring maintenance of a sound system of internal control and risk management including:
   - receiving reports from the Finance, Audit and Risk Committee and reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives;
   - undertaking an annual assessment of these processes through the Finance, Audit and Risk Committee; and
   - approving an appropriate statement for inclusion in the annual report.

v. Contracts
   - Major capital projects.
   - Contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets of amounts above the threshold reserved for executive directors under the Schedule of Limits and Authorities.
   - Contracts of the Company (or any subsidiary) not in the ordinary course of business, for example loans and repayments; foreign currency transactions and; major acquisitions or disposals of amounts above the thresholds reserved for Executive directors under the Schedule of Limits and Authorities.
   - Major investments including the acquisition or disposal of interests of more than five (5) percent in the voting shares of any company or the making of any takeover offer.

Directors' Report (continued)

vi. Communication
- Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee).
- Approval of press releases concerning matters decided by the Board.

vii. Board membership and other appointments
- Changes to the structure, size and composition of the Board, following recommendations from the Nominations, Governance and Remuneration Committee.
- Ensuring adequate succession planning for the Board and senior management following recommendations from the Nominations, Governance and Remuneration Committee.
- Appointments to the Board, following recommendations by the Nominations, Governance and Remuneration Committee.
- Approval of appointment of the Chairman of the Board following recommendations by the Nominations, Governance and Remuneration Committee.
- Appointment of non-executive directors including independent directors following recommendations by the Nominations, Governance and Remuneration Committee.
- Membership and Chairmanship of Board Committees.
- Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the Annual General Meeting and otherwise as appropriate.
- Continuation in office of non-executive directors at any time.
- Appointment or removal of the company secretary following recommendations by the Nominations, Governance and Remuneration Committee.
- Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Finance, Audit and Risk Committee.

viii. Remuneration
- Approval of the remuneration policy for the directors, company secretary and other senior executives following recommendations by the Nominations, Governance and Remuneration Committee.
- Approval of the remuneration of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate following recommendations by the Nominations, Governance and Remuneration Committee.
- The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval following recommendations by the Nominations, Governance and Remuneration Committee.

ix. Delegation of authority
- The division of responsibilities between the Chairman and the Chief Executive Officer, which should be in writing.
- Approval of terms of reference of Board Committees.
- Receiving reports from Board Committees on their activities.

x. Corporate governance matters
- Undertaking a formal and rigorous review of its own performance, that of its Committees and individual Directors.
- Determining the independence of Directors.
- Considering the balance of interests between shareholders, employees, customers and the community.
- Review of the Company's overall corporate governance arrangements.
- Receiving reports on the views of the Company's shareholders.

5. Induction and Training

The Company has in place a formal induction program for newly appointed Directors. As part of this induction, each new Director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and familiar with the senior management team. Newly appointed Directors are also conducted round the production facilities of the Company to gain first-hand knowledge of the production process and the emphasis placed on health and safety by the Company.

The Nominations, Governance and Remuneration Committee is in charge of evolving a continuing education programme to ensure existing Directors stay current with the Company's business and objectives as well as relevant industry information and other external factors such as corporate governance requirements and best practices. As part of the programme, Directors are encouraged to periodically attend appropriate continuing education seminars or programmes which would be beneficial to the company and the Directors' service on the Board.

Directors’ Report (continued)

6. Performance Evaluation Process

The Nominations, Governance and Remuneration Committee oversees a formal evaluation process to assess the composition, adequacy and performance of the Board, each Committee, and each individual director on an annual basis. The assessment is conducted to ensure the Board, Committees, and individual directors are effective and productive and to identify opportunities for improvement especially in the light of the constantly changing dynamics of the business world and the industry in which the Company operates.

In 2021, the firm of DCSL Corporate Services Ltd was engaged as external Consultants to carry out the Board evaluation and Corporate Governance audit of the Company for the year ended 30th June 2021. The Consultants deployed Board questionnaires to Directors on areas such as the review of the Guinness Nigeria Plc’s Corporate Governance framework with specific focus on performance of the Board and the Individual directors, structure and composition of the Board committees, responsibilities, proceedings, competencies of members and respective roles in the overall performance of the Board.

A summary of the Board Performance Evaluation for the year under review is that all the directors are making valuable contributions to the business of the Company, the activities of the Board and the Company align with established corporate governance best practices and that the Board has put in place structures, processes and procedures that would ensure effective implementation of its strategies as well as the sustenance of best corporate governance practices.

7. External Assessment of the Internal Audit Function

In compliance with the requirements of the Financial Reporting Council (FRC) Code of Corporate Governance 2018, the Company engaged the services of Andersen Nigeria to conduct a Quality Assurance Review (QAR) of its Internal Audit Function.This review entailed the assessment of the Internal Audit Function’s positioning within the Company, the skills and competencies of its people and the design and application of its processes. In performing the Quality Assurance Review, the Consultants ensured alignment with best practices, stakeholder expectations on Audit processes, resources and tools.

The Report of the Consultants indicates that based on the work performed and the information obtained, the Internal Audit reasonably conforms with the IIA Standards promulgated by the Institute of Internal Auditors (IIA).

8. Attendance at Board Meetings

The Board held four (4) regular quarterly meetings and one (1) other special meetings during the 2021 financial year. The following table shows the membership and attendance of directors at Board meetings during the 2021 financial year:

	Directors	26/08/20 Quarterly Board Meeting	20/10/20 Quarterly Board Meeting	27/01/21 Quarterly Board Meeting	28/04/21 Quarterly Board Meeting	16/06/21 Special Board Meeting	Total Number of Meetings Attended
1	B. A. Savage, FCA	P	P	P	P	P	5
2	O. Johnson (Dr.)	P	P	P	P	P	5
3	R. J. O’Keeffe	P	P	P	P	P	5
4	B. Magunda	P	P	P	P	P	5
5	B.J. Rewane	P	P	N/A	N/A	N/A	2
6	Z. Abdurrahman	P	P	P	P	P	5
7	S. T. Dogonyaro (Amb.)	P	P	P	P	P	5
8	N. Edozien (Ms.)	P	P	P	P	P	5
9	L. Breen	P	P	P	P	P	5
10	M. Sandys	P	P	P	P	P	5
11	S. W. Njoroge	P	P	P	P	P	5
12	M. O. Ayeni (Mrs.)	P	P	P	P	P	5
13	F. Ajogwu, SAN (Prof.)	P	P	P	P	P	5

** P – Present
N/A – Not Applicable as Director did not hold this office at the time

9. Board Committees

The Company undertook a review and re-evaluation of performance of its Board Committees, their constitution, functions and composition during the outgoing financial year in the light of the new Code of Corporate Governance 2018. As at the date of this report, the Company has in place, the following Board Committees:

Directors' Report (continued)

A. Nominations, Governance and Remuneration Committee

Among other responsibilities, the Nominations, Governance and Remuneration Committee is charged with instituting a transparent procedure for the appointment of new directors to the Board and making recommendations to the Board regarding the tenures and re-appointment of Non-Executive directors on the Board. The Committee was reconstituted and renamed in the outgoing year with its role and responsibilities expanded in line with the provisions of the Code of Corporate Governance of 2018. The Committee provides a written report highlighting its deliberations and recommendations to the Board on a quarterly basis. Mr. Mark Sandys was appointed as a member of the Committee and joined the Committee on 26th August 2020 following the approval of the Board at the Board meeting of 29th April 2020.

The Committee comprised of the following members during the financial year:

Mr. R. J. O'Keeffe	- Chairman
Amb. S.T. Dogonyaro	- Committee Vice Chairman
Mark Sandys	- Member (joined the Committee 26/08/2020)
Omobola Johnson (Dr.)	- Member
F. Ajogwu, SAN (Prof.)	- Member

The Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

	Directors	**26/08/2020**	**16/10/2020**	**27/01/2021**	**19/04/2021**	**Total number of meetings attended**
1	Mr. R. J. O'Keeffe	P	P	P	P	4
2	Amb. S.T. Dogonyaro	P	P	P	P	4
3	Mark Sandys	P	P	P	P	4
4	Omobola Johnson (Dr.)	P	P	P	P	4
5	F. Ajogwu, SAN (Prof.)	P	P	P	P	4

** P – Present

B. Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee continued to exercise its role and responsibilities in line with the provisions of the Code of Corporate Governance of 2018. The Committee is responsible for monitoring the integrity of the financial statements of the Company and reviewing the effectiveness of the Company's internal control and risk management system, it performs the Board audit functions among other responsibilities. The Committee comprises five (5) non-executive directors who are mostly independent and with a wide range of financial, commercial and international experience. Members of the Committee who served during the year are:

1	B. J. Rewane	- Former Chairman, retired from the Board and Committee effective 31st December 2020
2	N. Edozien	- Member
3	Dr O. O. Johnson	- Appointed Committee Chair from January 2021
4	L. Breen	- Member
5	Z. Abdurrahman	- Member

The Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

	Directors	**25/08/20**	**16/10/20**	**26/01/21**	**27/04/21**	**Total number of meetings attended**
1	B. J. Rewane	P	P	N/A	N/A	2
2	F. N. O. Edozien (Ms.)	P	P	P	P	4
3	O. O. Johnson (Dr.)	P	P	P	P	4
4	L. Breen	P	P	P	P	4
5	Z. Abdurrahman (Mrs.)	P	P	P	P	4

** P – Present
N/A – Not Applicable as Director did not hold this office at the time

Directors' Report (continued)

Each of the Committee's meetings was attended by the Finance and Strategy Director, the Financial Controller, the Head, Controls, Compliance and Ethics, the Legal Director and the Head of Corporate Security and Brand Protection; and each provided updates and assurances to the Committee on the adequacy of the actions being taken to mitigate any risks identified in the areas of the business they are responsible for. The engagement partner of the external auditors, PwC was also present with other key members of his team. Other senior management members were invited to brief the Committee on agenda items related to their areas of responsibilities.

During the year, the Committee reviewed the Company's quarterly financial reports, the annual report and accounts and the management letter before recommending their approval to the Board. The Committee also reviewed the critical accounting policies, judgements and estimates applied in the preparation of the financial statements.

Similarly, the Committee reviewed reports on significant tax risks, management of the risk of fraud, risks relating to elections in certain parts of the country held during the financial year, other current and emerging risk issues affecting the Company's operations, as well as the related controls and assurance processes designed to manage and mitigate such risks. The focus of the Committee also included the risks posed to the Company by the Covid-19 pandemic as well as efforts encouraging employees to get vaccinated. This is in addition to receiving regular updates on controls and compliance within the Company.

The Committee reviews the plans of both the internal and external auditors and approves the plans at the beginning of the financial year. The Board was kept updated and informed at its regular quarterly meetings of the activities of the Finance Audit and Risk Committee through the minutes of the Committee meeting and verbal updates provided to the Board by the Chairman of the Committee which is included as a regular item on the agenda of Board meetings.

C. Statutory Audit Committee

The Company has a Statutory Audit Committee set up in accordance with the provisions of the Companies and Allied Matters Act. It comprises of an equal number of non-executive directors and shareholders elected at the Annual General Meeting. In accordance with the provisions of s. 404(3) of the Companies and Allied Matters Act 2020, the number of non-executive directors on the Committee reduced to two (2) with Mr. Leo Breen exiting the Committee.

The Committee evaluates annually, the independence and performance of external auditors, receives the interim and final audit presentation from the external auditors and also reviews with management and the external auditors the annual audited financial statements before its submission to the Board. During the year, the Committee reviewed and approved the audit plan and scope of the external auditors for the financial year and reviewed the quarterly and half-yearly financial results before presentation to the Board. The Committee also makes recommendations to the Board on the appointment and remuneration of external auditors and received reports from Management on the accounting system and internal controls framework of the Company. In the outgoing year, the members of the Committee also participated in training sessions specifically targeted at improving the performance and oversight capacity of statutory audit committees.

N. Okwuadigbo	- Chairman/Shareholder
G. O. Ibhade	- Shareholder
M. O. Igbrude	- Shareholder
Z. Abdurrahman (Mrs.)	- Independent Non - Executive Director
L. Breen	- Non-Executive Director (exited the Committee after January 2021)
M. O. Ayeni (Mrs.)	- Independent Non - Executive Director

The members of the Statutory Audit Committee during the 2021 financial year are as follows:

	Directors	**26/08/2020**	**16/10/2020**	**26/01/2021**	**27/04/2021**	**Total Number of Meetings Attended**
1	N. Okwuadigbo	P	P	P	P	4
2	G. O. Ibhade	P	P	P	P	4
3	M. O. Igbrude	P	P	P	P	4
4	Z. Abdurrahman (Mrs.)	P	P	P	P	4
5	L. Breen	P	P	P	N/A	3
6	M. O. Ayeni (Mrs.)	P	P	P	P	4

** P – Present
N/A – Not Applicable as Director did not hold this office at the time

Directors' Report (continued)

10. Code of Business Conduct and Code of Governance for Directors

As a responsible corporate member of the society in which we operate, we are not just interested in being the best performing consumer products company, we are equally committed to our ambition to become the most trusted and respected business in Nigeria.

The Company has a Code of Business Conduct (COBC) which is based on our purpose and values as an organization. At the heart of our COBC is a culture of "Acting with Personal Integrity" at all times as we engage with internal and external stakeholders. The COBC is applicable to all employees, directors and business partners of the Company. Our COBC covers salient topics which include Health, Safety and Personal Security, Bribery and Corruption, Responsible Drinking, Money Laundering, Discrimination and Human Rights, Information Management and Security, Quality, Insider trading, Conflict of Interest, Competition and Anti-Trust, Data Privacy, Relationships with customers, suppliers and other business partners, External Communications and social media amongst others.

We apply the principles of fairness, integrity and transparency in all our business dealings as entrenched in our COBC and in line with international best practices. Training, awareness and communication programs as well as compliance monitoring mechanisms are in place to ensure that all relevant stakeholders remain aware of and comply with the provisions of our COBC and policies.

During the year, like in the past, we sustained continuous engagements with our people (contractors and employees) in building understanding of our Code and Corporate Governance principles and to further embed our ethical standards in their daily activities. This way, we expect that they will choose to do the right thing every day and everywhere. Key policies covered in these engagements are Anti-Bribery and Corruption, Health and Safety, Competition and Anti-Trust, Responsible Drinking, Conflict of Interest Declaration and Data Privacy. All directors subscribe to and re-certify their commitment to the COBC on an annual basis. Our employees and contractors also completed mandatory policy trainings rolled out by Diageo and signed up to our Annual Certificate of Compliance.

We have also established and continually work to sustain a culture in which employees feel comfortable raising concerns about potential breaches of our COBC or policies. We expect anyone who comes across a breach to report it immediately, either through a confidential and independently managed whistleblowing helpline- SpeakUp, to their Line Managers, to a member of the Controls, Compliance & Ethics team, the Human Resources or Legal teams. Our approach to breach management is embedded in the Diageo Breach Management Standard and our local Disciplinary Policy. All allegations are taken seriously and those that require action are investigated and addressed promptly. We monitor breaches to identify trends or common areas where further action may be required.

11. Statement of Company's Risk Management Policies and Practices

The Board of Directors has the responsibility of ensuring the maintenance of a sound system of internal control and risk management which it does through its Finance, Audit and Risk Committee. In compliance with the requirements of the Code of Corporate Governance and with extant regulations as may be revised from time to time, Management provided assurances to the Board during the financial year that the risk management, control and compliance systems in Guinness Nigeria Plc are operating efficiently and effectively. These assurances are examined critically by the Board through its Finance, Audit and Risk Committee at its quarterly meetings and its findings are reported to the Board on a quarterly basis.

Guinness Nigeria Plc's approach to risk management is in line with Diageo's Global Risk Management Standard. On an annual basis, we undertake a holistic risk mapping and assessment to identify top internal and external existing or emerging risks which are thereafter ranked based on their likelihood of occurrence and their impact on the business. These risks are assigned to specific owners who are then tasked with ensuring that robust plans are in place to mitigate these risks or prevent them from crystalizing. These risks and mitigation plans are reviewed on a bi-monthly basis at the Risk Management Committee (RMC) meeting which is chaired by the Managing Director and comprise the heads of functions and other extended leadership team members.

We have continued to sustain a strong control program through our Controls Assurance and Risk Management (CARM) framework, which also ensures Guinness Nigeria Plc complies with all relevant local and international legislations including the Sarbanes Oxley Act 2002. The volatility of the business world, particularly in the wake of the onset of COVID-19 and the uncertainties that it brought means that speed and the agility to quickly adapt to change are now critical success factors for any business. Guinness Nigeria Plc continues to improve its flexibility and implement strategies that enable the business adapt to the changes that are continuously happening in the economy. During the outgoing year, the Board ensured that all emerging risks were carefully managed to ensure our robust control environment and assurance program remains effective while adapting to the rapid changes that the business experienced.

There remains a regular review and monitoring of the overall risk and control environment of the business by the Risk Management Committee at management level and by the Finance, Audit and Risk Committee of the Board; and implementation of Crisis Management and Business Continuity Plans which are regularly tested for effectiveness. In the course of the outgoing year, a Crisis Management Committee (CMT) was activated to closely monitor all the risks associated with the COVID-19 pandemic with a specific priority focus on the safety of all Guinness employees and service providers. The COVID-19 Crisis Management Team implemented several measures to manage the crisis and its activities are regularly reported to the Board. The CMT has been kept in place till date in order to ensure that the business stays on top of the situation as it unfolded.

Directors' Report (continued)

12. Dealings in Securities Code

In line with relevant legal and regulatory provisions, the Board approved a Dealings in Securities Code (DSC), which prescribes a code of behaviour by directors and senior employees, as well as those in possession of market sensitive information relating to the Company. Affected persons are prohibited from dealing in the Company's securities during closed periods and are mandated to obtain consent to deal from appropriate senior executives of the Company. The company secretary, who is the designated Code Manager tasked with ensuring adherence to the provisions of the DSC, regularly issues Closed Period Notifications to Directors, employees and other relevant persons under the DSC.

SUSTAINABILITY STATEMENT

Guinness Nigeria Plc's sustainability strategy is fully aligned with Diageo's global strategy and is underpinned by 3 main pillars namely: Leadership in Alcohol in Society, Building Thriving Communities and Reducing our Environmental Impact in the communities where we live and work.

Our aim is to be recognized as the best performing, most trusted and respected consumer products company in Nigeria and we understand that to achieve this we need to deliver on our sustainable development commitments. Details of our sustainability activities in the year ended 30 June 2021, are in a separate Sustainability Report that we publish annually.

HEALTH AND SAFETY

Our vision remains to create a proactive safety culture where everyone working for and on behalf of Guinness Nigeria understands that Occupational Health and Safety incidents are preventable, and all should act in a manner that demonstrates personal commitment to the safety agenda.

Pursuant to Diageo's Zero Harm Strategy introduced in 2007, we have considerably progressed in an upward trajectory, towards an interdependent safety culture alongside full roll out of self-assessment tools. In F21, we rolled out various safety programs across the demand and supply functions with a clear focus to codify the 'Safe System of Work'.

In the Supply function, we embarked on embedding a compliance-driven safety culture through the roll out of Diageo's Life Saving Rules (LSR) campaign across the production and logistics sites. We have so far leveraged on this golden opportunity to strengthen an already rigorous campaign on safety consciousness and ownership. We also implemented renewed controls on Hazardous Energy release (Lock-Out-Tag-Out); a best practice as defined in Diageo Global Risk Management Standard (GRMS) as well as Severe and Fatal Incident Preventions Program (SFIPP).

In the demand functions, we rolled out the "Safe Driving on Public Roads"; a campaign focusing on work-relatedness & night driving, the driver, fleet, and telematics. While in Logistics we focused on the roll out of the Africa Third Party Logistics (3PL) Safety.

These safety programs contributed immensely to the tremendous improvement we recorded in F21.

In terms of the safety numbers, no fatality was recorded in the financial year under review either for employees or third-party contractors. Seven (7) first aid injury cases were recorded in supply against fifteen (15) in F20, while demand recorded zero (0) cases against zero (0) case recorded in F20. This shows a combined improvement of 56% in first aid injury cases. Three (3) Total Reportable Accidents (TRA) were recorded in F21 against seven (7) in F20 while eight (8) Road traffic accidents were recorded in F21 against sixteen (16) in F20. This showed a 57% and 50% decline in total reportable accidents (TRA) and Road traffic accident respectively. Overall, there was 54% improvement in the numbers over F20.

Despite the challenges in F20, especially that posed by Coronavirus pandemic, Guinness Nigeria Plc continued to demonstrate a growing improvement in our safety culture, collectively driven by Management, employees, contractors, visitors and customers. We have through the provision of appropriate personal protective equipment, development of Covid-19 safety protocols in accordance with relevant government guidelines, and trained medical staff, been able to prevent the potential transmission at scale of this virus within any of our operating sites.

Unfortunately, we lost a part of our external warehouse (Warehouse block F, Wempco Road) to a fire incident from an unidentified source. We have taken learnings from the incident to further improve our processes to reduce the likelihood of a re-occurrence.

S/N	Type of incident	Number of incidents in F20	Number of incidents in F21	Commentary
1	Occupational Illnesses	-	-	None for both years
2	First Aid Injuries in Supply	15	7	Significant improvement vs F20. Driven largely by increased 3rd party engagement
3	Total Reportable Accidents in Supply	7	3	57% improvement vs F20
4	First Aid Injuries/MTC in Demand	-	-	None for both years
5	Total Reportable Accidents in Demand	1	-	No road traffic accident recorded in F21
6	Road Traffic Accident	16	8	50% decline in F21 vs F20
7	3rd Party Fatality	-	-	Sustained – No fatality recorded
8	Employee fatality	-	-	Sustained – No fatality recorded

Directors' Report (continued)

It is worth mentioning that, despite the Safety and Security challenges in F21, especially that posed by the ravaging second wave of the corona-virus pandemic in Nigeria and other Countries, Guinness Nigeria Plc continues to demonstrate a growing resilience and improvement in our safety culture, collectively driven by Management, Employees, and Contractor Personnel.

We had thorough training and awareness, provision of appropriate covid-19 safety toolkits, strict compliance with government guidelines and our internal protocols, kept at bay, onsite transmission across all our operating sites and offices. This indeed for us, remains an outstanding performance.

In summary, as Safety Culture remains a journey and not a destination, our F22 ambition is to progress with passion and purpose as we maintain the Diageo 'Zero Harm' objective, with a clear focus on deployment of behaviour-based safety standards in attaining interdependence as well as continually upholding safety standards. Ours is, therefore, an avowed commitment to the preservation and prevention of injury and most importantly, promotion of employee wellbeing.

Company's Policies/Strategy for addressing and managing the impact of HIV/AIDS, Malaria and other serious diseases on the Company's employees and their families.

Guinness Nigeria Plc is committed to protecting the health, safety and wellbeing of its employees in line with all relevant legislative requirements and best practice principles. In line with this, Guinness Nigeria Plc currently has two robust policies on this:

- Guinness Nigeria HIV/Aids Policy; and
- Guinness Nigeria Policy on Wellness

Guinness Nigeria Plc HIV/Aids Policy

We recognize that the potential social and economic consequences of HIV/AIDS in Nigeria and in Sub-Saharan Africa are enormous; however, there is hope, if the government and civil society collaborate and are mobilized to fight the spread of the disease together.

Guinness Nigeria Plc is determined to play its part with respect to this and the HIV/AIDS policy is a statement of our commitment to prevent the spread of HIV/AIDS in our workplaces and communities and to care for our employees and their dependents who suffer from its effects. The Policy follows guidelines from the Nigerian National Action Committee on AIDS (NACA) and forms part of the overall plan for the protection and enhancement of health of all our employees.

Some of the elements of the Policy include:

• Measures to prevent the spread of HIV/AIDS such as education and awareness campaigns.
• Strategies to reduce the impact of the epidemic in the workplace.
• Plans to protect employees and their families from HIV/AIDS and its effects.
• Confidentiality and non-discrimination towards employees with HIV/AIDS thereby promoting appropriate and effective ways of managing HIV/AIDS in the workplace.
• Promotion of a non-discriminatory working environment in which employees living with HIV/ AIDS are able to speak about their HIV/AIDS status without fear of stigmatization or rejection.

• Management of HIV/AIDS via voluntary counselling and testing.

Guinness Nigeria Plc is an active participant in business coalitions and other fora (Nigeria Business Coalition Against Aids (NIBUCAA), National Action Committee on AIDS (NACA) and State Agency for the Control of Aids (SACA)) leading the national response to HIV/AIDS in Nigeria. Through our HIV/AIDS education and awareness programs we encourage employees to adopt personal behaviour, which minimizes the risks of their contracting HIV/AIDS. Through these and the development of our own workplace programs, the Company sustains its advocacy role in promoting awareness and understanding of the disease of HIV/AIDS and its impact at global, national, community and workplace levels.

Guinness Nigeria Plc Wellness Policy

Wellbeing is defined as positive state of being well, contented and healthy. A state of wellbeing therefore encompasses achieving, amongst other things, good work life balance, the management of stress at work and providing a work environment that is free from discrimination, bullying and harassment. The policy aims to assist employees in maintaining a healthy level of wellbeing and outlines the support available to employees in achieving this. Some of the ways in which Guinness Nigeria Plc supports the principles of wellbeing include:

• Providing occupational health support services to enhance employee wellbeing.
• Providing training and support to line managers on good management practices encouraging a partnership approach between employees and line managers that fosters trust, openness and honesty and recognizes their joint responsibility to find workable solutions to problems at work.
• Undertaking regular review of policy practice, procedure and initiatives to ensure that they maximize employee wellbeing.

We encourage employees to live a healthy well balanced life and we have a number of programs and facilities to assist employees to either evaluate their current level of wellbeing or to re-establish and maintain it and this is done via various channels including but not limited to: informal dialogue, occupational health information and advices, health screening for all employees (pre-employment health screening, postemployment risk assessment for all employees, once in 2 years comprehensive health screen etc.)

Directors’ Report (continued)

Employment and Employees

a) Human Rights Policy

Guinness Nigeria Plc prides itself in its commitment to human rights and continues to be guided by the Global Human Rights & Anti-discrimination policy. In our workplaces and the communities in which we operate, we believe a serious commitment to respecting human rights is fundamental to our way of business.

b) Equality and Diversity Policy

Guinness Nigeria Plc is proud to be a multi-cultural community operating in an increasingly competitive and diverse business world. It is also pertinent to us that we maintain an environment which fosters respect for all individuals so that each employee can function at their best. We value equality and diversity and are committed to creating a working environment where we:

• Treat all individuals fairly, with dignity and respect.
• Provide open opportunities to all.
• Provide a safe, supportive and welcoming environment for all employees and visitors.

The key elements of the policy includes:

- **Employment Equity and Equality**

Guinness Nigeria Plc is committed to equal treatment of employees regardless of age, gender, race, ethnic origin, religion or belief, disability, marital status, pregnancy, sexual orientation, number of dependents, part-time or fixed-term status, creed, colour, nationality, membership or non-membership of a trade union.

- **Diversity and Inclusion**

Embracing the value which diversity in backgrounds and experiences brings to Guinness Nigeria plc as we continue to operate and compete within a global market. In the 2021 financial year priorities for our Diversity and Inclusion (D&I) agenda were redefined to further embed and institutionalize sustainable diversity policies and initiatives among all employees of the Company across the country.

- **The Guinness Nigeria Spirited Women Network**

The Guinness Nigeria Spirited Women Network is a strong network of women across the organisation that provide support and mentorship to female employees and it is anchored by senior management employees and female members of the Board of Directors. As a company operating in a traditionally male-dominated industry, the Company encourages initiatives that provide female employees with the opportunity to maximise their potentials and take full advantage of the opportunities offered by the Company in their careers.

- **Employment of Physically Challenged Persons:**

Guinness Nigeria Plc is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically challenged persons. However, this goes beyond the need to ensure that there is no discrimination against such persons but driven by a deep conviction that even in disability, there could be immense ability.

- **Parental Leave Policy**

Guinness Nigeria Plc has maintained parental leave benefits that offers female employees 26 weeks (increased from 16 weeks) fully paid parental leave and male employees 4 weeks (increased from 5 days) paternity leave on full pay.

c) Dissemination of Information

We consider this as critical to the maintenance of team spirit and high employee morale, with the onset of the Work from Home (WFH) model necessitated by the Covid-19 Pandemic. Our objective is to ensure a shared perception of our goals by employees is sustained by leveraging our available communication channels for frequent dissemination of important and critical information. We use both one way and two-way modes of communication – leveraging digital means – Zoom meetings and our internal communication channels “Yammer” to drive this objective.

Monthly townhall and other employee engagement fora via zoom meetings, which are utilized as opportunities for employee engagement, awareness, and dissemination of information. In addition, regular meetings with employee representatives to further distil information and company initiatives for ease of implementation is also adopted. Engagement is viewed as an important driver of employee performance.

d) Staff Diversity, Employee Development and Training Initiatives:

With the onset of working from home necessitated by remote working, we have reviewed our new joiners onboarding process to ensure they receive the necessary support needed as part of their induction. We have also continued to build employee and manager capability by leveraging on our learning platform which provides a wide variety of learning modules and personal development materials.

Learning and development opportunities within the Company focus on mandatory training, capability development and career development. Priority is given to learning and development opportunities that are a part of an individual’s partnership commitment or development plan. In addition, there is also opportunity for full sponsorship of a course or professional program for employees in line with their development plan.

Our people are encouraged and supported to be members of professional institutions. Our continued employee development initiatives saw us awarded the ACCA Approved Employer Gold Status in 2014.

Directors' Report (continued)

SUSTAINABILITY REPORT

Risk Management Policies and Practices

The Board of Directors of Guinness Nigeria Plc is responsible for the enterprise risk management and implementation of the Company's business continuity strategy. This responsibility is delegated to the Board Finance, Audit and Risk Committee, which is vested with the responsibility of reviewing the adequacy of the internal controls, the framework, policies and processes deployed in identifying principal risks to the business, and the management of the Company's risk framework. In compliance with the requirements of the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission in 2011, Management provided assurance to the Board during the financial year that the risk management control and compliance systems in Guinness Nigeria are operating efficiently and effectively.

Guinness Nigeria Plc's approach to risk management is in accordance with Diageo's Global Risk Management Standards. On an annual basis, a holistic risk assessment is carried out to identify top internal and external existing or emerging risks, as well as the opportunities presented by these risks. The risks are mapped on the Company's Strategic Risk Footprint and assigned to owners who are tasked with ensuring that robust plans are in place to adequately mitigate the risks. The Strategic Risk Footprint and mitigation plans are reviewed on a bi-monthly basis at the Risk Management Committee (RMC) meeting, headed by the Managing Director, together with the Guinness Leadership Team (GLT), the heads of functions and other extended GLT members.

Through our Controls Assurance and Risk Management (CARM) framework, we have continued to sustain an effective control program, which ensures the Company's strict compliance with the Sarbanes Oxley Act, 2002.

In response to changes within the business environment, particularly with the emergence of the COVID- 19 pandemic, the Company's risk framework was reviewed to capture the emerging risks presented by the crisis and propose effective mitigations for them, with emphasis on corporate resilience and sustainability. By embedding effective controls in the Company's operational processes, the presence of a strong risk management culture, a robust control environment and assurance program, the Company was able to ensure business continuity, whilst delivering value to its various stakeholders.

Compliance

Responsible business practices serve as the foundation of our Company's success and is imperative to protecting our value chain and the communities in which we operate. We nurture a culture of ethical leadership and integrity in our diverse, skilled workforce committed to serving all those who count on us to provide high-quality, safe and reliable products. Whether we are seeking to protect the data and privacy of our business partners and consumers, being transparent about our business activities, engaging with suppliers or assessing options for safe and ethical decision-making, we seek to sustain the trust earned over the course of our seven decades of business operations in Nigeria.

Code of Business Conduct

The Company's Code of Business Conduct (COBC or the Code) is based on our purpose and values as an organization and serves as a guide in the conduct of our business operations. At the heart of our Code is a culture of "Acting with Personal Integrity" at all times during our engagement with internal and external stakeholders. The Code is the basis of our ethics and compliance program and is applicable to all our stakeholders - employees, distributors and business partners. Our Code covers salient topics such as:

- Health, safety and personal security
- Bribery and corruption
- Responsible drinking
- Money laundering and facilitation of tax evasion
- Discrimination and human rights
- Information management and security
- Quality, insider trading
- Conflict of interest
- Competition and anti-trust
- Data privacy
- Relationships with customers
- Suppliers and other business partners
- External communications and social media.

To ensure that all our employees commit to a culture of 'Acting with Personal Integrity,' we provide corresponding Code training on an annual basis for our employees and periodic engagements with employees on the principles of the Code. The Code training is also part of our hire induction program, which all employees and contractors are required to undergo.

Directors’ Report (continued)

Ethics and Anti-Corruption

Guinness Nigeria has an Anti-bribery and Corruption Policy, and a Competition and Anti-trust Policy which all employees must comply with. As a subset of the Anti-Bribery and Corruption Policy is the Gifts and Entertainment Rules which provides mandatory guidance on giving and receiving of gifts and entertainment to mitigate against the risks of conflict of interest and engaging favours for payments, especially to Government Officials. All gifts given or received by the Company in accordance with the mandatory guidance must be recorded in a register which is audited on a quarterly basis to assess the appropriateness of the gifts/entertainment.

Our over 800 employees, the governing board members and over 1,000 business partners, including customers and vendors, are constantly engaged on our anti-corruption drive through policy trainings, onboarding programs, contracts or policy refresh activities.

Transparent Grievance Mechanism Process

Our internal and external reporting and complaints channels are supported by a whistleblowing line, set up to encourage employees anonymously report infringements of our Code of Business Conduct, internal standards, or applicable laws. Improper conduct is never in Guinness Nigeria’s interest and being fully aware that improper conduct can damage our reputation and trustworthiness, we ensure all our employees place great importance on ethically impeccable norms.

Through the whistleblowing line, employees are advised to report unethical or unlawful behaviour and actual or suspected breaches of all internal policies or laws and regulations that are capable of undermining our integrity or that may pose a threat to our business. Employees may report to: Line Managers, Legal, Corporate Security, Human Resources, Controls, Compliance and Ethics (CC&E) or SpeakUp by calling 2000 or 07080601240, or via the dedicated SpeakUp web reporting channel at www.diageospeakup.com. Business Partners and Customers are also encouraged to report actual or suspected breaches via the afore-mentioned SpeakUp channels.

Diversity and Inclusion

As a global company with local footprint in the Nigerian manufacturing sector, we understand that for us to thrive and achieve our goal as the best performing, most trusted and respected consumer products company in Nigeria, we must build a diverse and inclusive workforce that reflects the totality of our customer and consumer base. We believe we have a stronger company when the diversity of our employees reflects the customer, communities and people who are bonded by our product.

We are aware that teams consisting of persons with varying opinions and experiences generate more insights and ideas. By sharing candid, collaborative and productive conversations we can solve our toughest challenges. For Guinness Nigeria Plc, diversity is viewed as an enabler for organizational growth and sustenance and we possess overarching values and purpose that accommodate and respect the contribution of each team member.

Creating Direct and Indirect Employment

As a manufacturer of fast-moving consumer goods, we foster operational efficiency to ensure that gaps are non-existent in terms of availability of our products. As such, we engage people and provide jobs in different spheres including production, logistics, marketing, sales and administration – across the country. For the reporting year, we subscribed to local suppliers in the agricultural value chain, logistics and in some of our packaging materials. Over 80% of our raw materials were sourced from local suppliers. Our retail and hospitality sectors are not left out, as they serve as the vehicle through which our products reach our consumers, also generating indirect employment for individuals.

CORPORATE SOCIAL RESPONSIBILITY REPORT

DIAGEO IN SOCIETY

At Guinness Nigeria Plc, our sustainability strategy fully lines up with that of our parent company – Diageo Plc and focuses on 3 key pillars - Leadership in Alcohol within our Society, Building Thriving Communities and Reducing Environmental Impacts within the Communities where we live, work, source and sell.

Our aim remains to be recognised as the best performing, most trusted and respected brand in Nigeria and we understand that achieving this would not only require us to constantly seek and deliver on opportunities to meet the needs of the world today but also make provisions for future generations to meet their own needs as well.

Our Sustainability approach focuses on areas where we have the greatest opportunity for influence and impact to create lasting value for our Consumers, Customers, Stakeholders, and the Society at large. We implement our initiatives by collaborating throughout our value chain and across Government, Business and Civil Society, to address systemic challenges. We also seek to engage our employees and customers across all our brands in our effort to collectively build a more sustainable world. In the year ended 30 June 2021, we implemented a variety of programs towards advancing our Sustainable Development strategy in Nigeria.

Directors' Report (continued)

Leadership in Alcohol within our Society

We recognize that the misuse of alcohol can impact negatively on individuals, Communities, and Society, we therefore ran several campaigns under the Leadership in Alcohol within our Society pillar geared towards celebrating moderation and addressing alcohol-related harm through trainings, partnership and collaboration with Key Stakeholders. In doing so, we provided consumers with the information and tools they need to make informed choices about drinking or abstaining.

SMASHED

SMASHED is our theatre-in-education programme targeted at tackling underage drinking amongst youths, using drama and other interactive educational tools. The initiative is aimed at instructing students that no amount of under-age drinking is safe by providing facts, causes, and consequences of under-age drinking. Smashed was launched in the UK over a decade ago and has now been showcased in several countries around the world. At Guinness Nigeria, we piloted the programme in 2018 and have since reached out to over 60,000 students across the country. In the year under review, we reached out to 10,684 students in 51 government public and private schools within Delta and Cross River states. The SMASHED program has been adopted by the Beer Sectoral Group of MAN (Manufacturers Association of Nigeria) as one of its major advocacy channels tacking alcohol misuse and formally endorsed by the Federal Ministry of Health.

DrinkIQ Campaign

DRINKiQ is Diageo's global resource created to help people make responsible choices about drinking, or not drinking. The program is delivered through training, providing information and practical advice online. The platform is designed to educate people on the risks of alcohol related harm and is part of our wider 2030 targets on positive drinking which includes reaching one billion people with a dedicated message of moderation from our brands. To help drive this target, Guinness Nigeria developed an online campaign leveraging various social media platforms to propagate the message of moderation and responsible drinking with over 2.3 million impressions and over 7000 actual site visits on Twitter, Facebook and Instagram.

Driver's License Partnership with Federal Road Safety Corp

In line with our commitment to continuously drive responsible consumption of alcohol and to discourage drinking and driving, we completed engagements and signed off a Memorandum of Understanding with Federal Road Safety Corp on the Driver's License Partnership (DVLP). This is a critical strategic initiative designed to reach the most relevant people with our message discouraging consumption of alcohol while driving. The aim of this partnership is to have new license applicants across the 36 states take the Diageo DRINKIQ test as part of the process of obtaining or renewing their licenses.

Building Thriving Communities

Our Breweries are located at the heart of the communities where we live, work and sell, we are therefore driven by a strong commitment to create value for all our stakeholders, partners, consumers and the network of people who contribute to our business success in those communities. Our programs under this pillar are designed to focus on Water Stewardship, Scholarships, Capability building and empowerment for young women in under-represented areas and provision of quality eye healthcare to Nigerians through our Guinness Eye Centres.

Water Stewardship

Water practice in an environmentally sustainable way. It is an important part of protecting the planet and has become even more imperative in a pandemic era where handwashing and general water hygiene could make a huge difference in public health and safety. At Guinness Nigeria, our Water of Life (WoL) program is our Flagship initiative aimed at providing access to safe drinking water and socio-economic development to communities in water-stressed areas across the country. We believe that water is a basic human right and our commitment remains unwavering in ensuring that people in underserved communities continually have access to clean water. In partnership with WaterAid Nigeria, we delivered a total volume of 44,601m3 of water to 3 communities in Nasarawa and Bauchi states, the solar-powered water systems serve over 7000 beneficiaries and are designed to be self-sustaining through the local water committees made of men and women within the neighbourhoods.

Plan W

Plan W is one of our skills programs targeted at increasing employability and improving livelihoods by providing business and hospitality skills to women in under-represented communities where we operate. This is in line with Diageo's Society 2030 Goal pillar 'Champion Inclusion and Diversity' and Must Do 5 of our Performance ambition.

Guinness Nigeria in collaboration with Good Business Foundation has delivered this capability building training which covers general business skills, business modelling and simple business arithmetic to over 200 women as well as empowered them with trade assets and seed capital to start off their own small scale product distribution businesses.

The program piloted in 2019 with 120 women benefiting from the scheme while the second phase rolled out in Kaduna State with 90 women from 3 Local Government Areas as beneficiaries.

Directors' Report (continued)

Undergraduate Scholarship Scheme

The undergraduate scholarship scheme is one of the three Skills Development initiatives Guinness Nigeria leverages to support Nigerian youths. For over a decade, Guinness Nigeria's Undergraduate scholarship scheme has provided a platform for our business to support youth development across the country. We recently awarded scholarships to 21 new students who were successful in the screening process and have become beneficiaries of the scheme. The scholarship covers the tuition and accommodation fees of the beneficiaries. Under this scheme, each beneficiary gets the sum of One Hundred Thousand Naira Only (N100,000) for each year of undergraduate study.

Partnership with Sight Savers Foundation on Eye Health

As part of our commitment to ensure excellent eye care services to the communities where we operate, we partnered with Sight Savers Foundation to provide eye care services including cataracts surgeries to farming communities in Kogi State. The program was designed to provide a well-coordinated system of eye health interventions, comprehensive and accessible to marginalized people and inclusive for persons with disabilities. A total of 143 cataracts surgeries and 64 other surgeries were performed within the year ended FY21.

Reducing our Environmental Impact

At Guinness Nigeria, we are committed to reducing our environmental impact across our operations. We understand that measuring and managing our environmental effect is not only important for the planet and the communities in which we work, but it is also essential for the financial sustainability of our supply chain and our business. Our targets under this pillar addresses issues such as carbon emission, wastewater, deforestation, and packaging. As a drinks company, we know that water is and will always be a material resource, and therefore its careful management is a critical aspect of our environment strategy.

Reforestation of degraded forest reserves

We partnered the Federal Ministry of Environment to plant 100,000 trees in 6 states in Nigeria (Adamawa, Edo, Nasarawa, Kano, Kaduna , Kebbi) and the Federal Capital Territory – Abuja over a 5-year period. This project would translate to the reforestation of 160 hectares of degraded forest reserves through the planting of assorted indigenous and exotic trees. As of April 2021, a total of 20,240 trees had been planted. Prior to the commencement of this project, statistics provided by the Ministry showed that Nigeria had 910,770 sq.km of land area that had continued to suffer deforestation at a rate of 3.5% annually.

Partnership with Food & Beverage Recycling Alliance

The Food & Beverage Recycling Alliance is a team of 17 member organization set up to tackle the issue of postconsumer waste in Nigeria. FBRA's core focus is accelerating recycling and re-using of waste materials (Plastics, cans, cartons) that would have ended up in landfills for the benefit of the environment. Through our partnership with FBRA, we mopped up over 4000 Metric Tonnes of PET plastic bottles.

ACQUISITION OF OWN SHARES

The Company did not purchase any of its own shares during the 2021 financial year (2020: Nil).

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is given in the Note 15 to these financial statements.

DISTRIBUTION

The Company's products are distributed through numerous key distributors who are spread across the country. Our distributors are our strategic business partners who contribute immensely to the success of our business and also benefit mutually from their relationship with Guinness Nigeria Plc. The Company also has distribution agreements with distributors who export its products to the United Kingdom and South Africa in addition to strategic alliances on distribution with other companies within the Diageo group in several African countries.

SUBSEQUENT EVENTS

There were no events after the statement of financial position date which could have had a material effect on the state of affairs of the Company as at this date or the financial results for the year ended 30 June 2021 which has not been adequately provided for.

ROYALTY AND TECHNICAL SERVICES AGREEMENTS

It has been the practice for the Company to maintain a close relationship with Diageo plc as technical partner and adviser. In this capacity, we receive technical and commercial support from certain members of the Diageo group under various Technical Services Agreements and Trademark and Quality Control Agreements.

Directors' Report (continued)

COVID-19 STATEMENT

The outbreak of the Covid-19 pandemic has greatly affected all spheres of the day-to-day lives of individuals around the world. During these unprecedented times, Guinness Nigeria has remained committed to ensuring the health and well-being of all its employees and contractors. Since the onset of this pandemic, the Guinness Nigeria Leadership Team and the Covid-19 Crisis Management Team have continued to review the unfolding situation within the country, we have executed an effective business continuity plan which aims to ensure the utmost safety of all our employees whilst continuing to protect the interest of our stakeholders. Our execution of the Guinness Nigeria Business Continuity Plan continues to be guided by the National Centre for Disease Control (NCDC) regulations, directives of the Federal, State and Local Governments as well as other regulatory bodies.

The following provides an overview of the mitigations that are currently in place within the Company:

Working from Home

Employee access to our sites across the country remains strictly regulated. Every employee who can effectively do their job remotely has been working from home since the 20th of March 2020, using technology to communicate and ensure smooth operation of business activities. For employees who constitute business essential services and have to be at any of our sites, temperature and symptoms checks are performed before access is granted and essential hand washing and sanitization facilities have also been provided. All non-essential visitor access to our sites remains prohibited till further notice.

Travel restrictions

The Company has suspended all official local and international travels during this period. Employees are also expected to comply with the travel restrictions and guidelines imposed within various states by the Federal and State Governments of Nigeria from time to time.

Manufacturing and commercial

During the initial phase of the lockdown imposed by the Federal Government, as a food manufacturer and distributor as defined under the National Agency for Food and Drug Administration and Control (NAFDAC) Regulations, authorisation to allow continuity of commercial activities had been obtained from relevant government agencies to allow continuation of trading activities, where possible.
Following the easing of the lockdown, our Benin site has been reopened to allow for the running of our Spirit line and packaging line within the site with staff observation of adequate precautionary measures. Regarding our Ogba site, the Brew House team has returned to work as well.
Within both sites, we continue to strictly control the number of persons on site in order to ensure adherence to social distancing guidelines and the necessary PPEs (hand sanitizers, gloves, wipes, masks as required) have been provided to all employees. Transportation arrangements have also been made for essential employees required on site and temperature and symptoms checks continue to be observed before site access is granted to any employee.

Emergency preparedness

There are emergency isolation rooms at the various Guinness Nigeria sites with trained personnel in the event of suspected cases. Also available is a dedicated Guinness Nigeria emergency response line which has been communicated to all employees

Moving forward

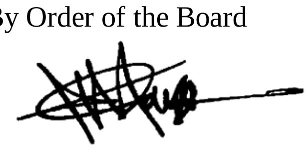
In the wake of increased concerns over the outbreak of the third wave of the Covid pandemic, the Guinness Crisis Management Team and the Guinness Nigeria Leadership Team continue to assess how working conditions may be adapted going forward even after this pandemic has been contained. We will continue to quickly adapt the mitigations measures deployed across the business in line with existing realities and we reassure our stakeholders of our commitment towards protecting their interests always.

INDEPENDENT AUDITOR

PricewaterhouseCoopers acted as the Company's independent auditor during the year under review. The independent auditors' report was signed by Mr. Edafe Erhie, a partner in the firm, a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and FRCN registration number ICAN 00000001143.

PricewaterhouseCoopers has indicated willingness to continue in office as auditor in accordance with Sec 401(2) of the Companies and Allied Matters Act 2020.

By Order of the Board



Mr. Baker Magunda
FRC/2019/IODN/000000019411
Managing Director
25 August 2021

Statement of Directors' Responsibilities

for the year ended 30 June 2021

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

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;
b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other regularities; and
c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

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

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

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

Signed on behalf of the Board of Directors by:

O. Johnson

Dr Omobola Johnson
Board Chairman
FRC/2018/IODN/00000018366
25 August 2021

Baker Magunda
MD/CEO
FRC/2019/IODN/000000019411
25 August 2021

Report of the Statutory Audit Committee
for the year ended 30 June 2021

In compliance with Section 404(7) of the Companies and Allied Matters Act, we have:

(a) reviewed the scope and planning of the audit requirements;

(b) reviewed the external auditor's memorandum of recommendations on accounting policies and internal controls together with management responses; and

(c) ascertained that the accounting and reporting policies of the Company for the year ended 30 June 2021 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 30 June 2021 were adequate and the management's responses to the auditor's findings were satisfactory.

Mr. Nnamdi Okwuadigbo
FCA FRC/2012/ICAN/00000000225
Chairman
25 August 2021

Members of the Audit Committee

Mr. Nnamdi Okwuadigbo, FCA	- Shareholder/Chairman
Mr. G.O. Ibhade	- Shareholder
Mr. M.O. Igbrude	- Shareholder
Mrs. Z. Abdurrahman	- Director
M. O. Ayeni	- Director

Statement of Corporate Responsibility for financial reports

for the year ended 30 June 2021

Pursuant to the provisions of Section 405 of the Companies and Allied Matters Act, 2020, we the Managing Director/CEO and the Finance & Strategy Director of Guinness Nigeria Plc ("the company") hereby certify that the officers who signed the audited financial statements for the year ended 30 June 2021 have reviewed the audited financial statements and based on their knowledge the:

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

b) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements.

We further certify that the officers who signed the audited financial statements:

a) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the company is made known to the officers by other officers of the company, particularly during the period in which the audited financial statements report is being prepared;

b) have evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements; and

c) certify that the company's internal controls are effective as of that date.

In addition, we certify that the officers who signed the audited financial statements disclosed to the company's auditors, audit committee and board of directors:

a) that there were no significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and

b) that there are no fraud that involves management or other employees who have a significant role in the company's internal control

We confirm that there are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation.

Signed:

Baker Magunda	Ogochukwu Agu
Managing Director	Acting Finance & Strategy Director*
FRC/2019/IODN/000000019411	25 August 2021
25 August 2021	

**The waiver of the FRCN has been received for the Acting Finance Director to sign the Audited Financial Statements of the Company pending registration with FRCN.*

Independent auditor's report

To the Members of Guinness Nigeria Plc

Report on the audit of the financial statements

Our opinion

In our opinion, Guinness Nigeria Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Guinness Nigeria Plc's financial statements comprise:

- the statement of financial position as at 30 June 2021;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter

Impairment allowance on trade receivables (N4.54 billion)
 	
(Refer to notes 4a, 19a and 29a to the financial statements.
 	
We focused on this area due to the materiality of the impairment allowance on trade receivables balance as at 30 June 2021 and because the directors exercised significant judgement, using subjective assumptions in determining the timing and amount of impairment allowance recognised on trade receivables.
 	
IFRS 9 'Financial Instruments' introduces a forward-looking expected credit loss (ECL) model for determining the impairment allowance on financial assets. The expected credit loss model requires significant judgement in measuring the ECL. The directors have adopted the simplified approach in assessing the impairment allowance for trade receivables.
 	
Areas where significant judgements were exercised by the directors include:
 	
• methodology used to determine the loss rates for the calculation of the lifetime expected credit losses;
 	
• estimating key behavioural parameters used within the expected credit loss models;
 	
• incorporating forward-looking information into the estimation of expected credit losses on trade receivables.
	We adopted a combination of test of controls and substantive testing approach in assessing the impairment allowance recognised on trade receivables. Specifically, we performed the following procedures:
	
	• gained an understanding of the company's order to cash process, evaluated the design and tested the operating effectiveness of controls relating to customers' credits and collectability of trade receivables;
	
	• ascertained appropriateness of the provision matrix of the simplified approach used to determine the lifetime ECL based on the requirements of IFRS 9;
	
	• tested the reasonableness of data inputs used in the expected credit loss models by comparing to the company's underlying records;
	
	• engaged the services of our internal experts to:
	  o review the methodology adopted by the directors in determining the loss rates used in estimating the expected credit losses;
	  o review the models developed by the directors in estimating the key behavioural parameters used within the expected credit loss calculations;
	  o assess the reasonableness of assumptions made by the directors with respect to how forward-looking information was incorporated into the expected credit loss estimation.
	
	• checked accuracy and appropriateness of disclosures on impairment allowance on trade receivables in accordance with IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises the Financial Highlights, Board of Directors and Corporate Information, Board of Directors and Company Secretary, Directors' Report, Statement of Directors' Responsibilities, Report of the Statutory Audit Committee, Statement of Corporate Responsibility for Financial Reports, Statement of Value Added, Five-Year Financial Summary and Shareholders' Information (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Guinness Nigeria Plc 2021 Annual Report, which are expected to be made available to us after that date.

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

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

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

When we read the other sections of the Guinness Nigeria Plc 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

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

iii) the company's statement of financial position, income statement and statement of comprehensive income are in agreement with the books of account and returns.

Edafe Erhie

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
1100368

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

26 August 2021

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/ 00000001143

Statement of Financial Position

As at 30 June 2021

	Notes	30-Jun-21	30-Jun-20
ASSETS		₦'000	N'000
Non-current assets			
Property, plant and equipment	15(a)	94,236,887	88,919,044
Right-of-use assets	24(a)	432,001	943,212
Intangible assets	16(a)	2,092	309,112
Prepayments	17	-	1,675
Total non-current assets		94,670,980	90,173,043
Current assets			
Inventories	18	21,460,505	26,426,253
Trade and other receivables	19	14,019,385	18,718,953
Prepayments	17	404,940	463,945
Restricted cash	20(a)	2,981,881	3,092,163
Cash and cash equivalents	20(b)	35,868,834	5,271,224
Total current assets		74,735,545	53,972,538
Total assets		169,406,525	144,145,581
Equity			
Share capital	21(b)	1,095,191	1,095,191
Share premium	21(c)	47,447,029	47,447,029
Retained earnings		25,744,355	24,495,920
Total equity		74,286,575	73,038,140
Liabilities			
Non-current liabilities			
Lease liabilities	24(b)	184,309	653,855
Employee benefits	25	1,099,329	1,246,937
Deferred tax liabilities	27(a)	10,877,427	8,512,625
Total non-current liabilities		12,161,065	10,413,418
Current liabilities			
Bank overdrafts	20(b)	-	309,511
Current tax liabilities	13(d)	992,986	744,204
Dividend payable	22(b)	3,122,693	3,134,594
Loans and borrowings	23(a)	15,993,143	22,800,994
Employee benefits	25	165,201	96,048
Lease liabilities	24(b)	293,391	170,331
Contract liabilities	8(b)	715,937	1,493,876
Trade and other payables	28(a)	61,675,534	31,944,466
Total current liabilities		82,958,885	60,694,023
Total liabilities		95,119,950	71,107,441
Total equity and liabilities		169,406,525	144,145,581

The financial statement on pages 30 to 75 was approved by the Board of Directors on 25 August 2021 and signed on its behalf by:

O. Johnson

Dr Omobola Johnson (Chairman)
FRC/2018/IODN/00000018366

Baker Magunda (Managing Director)
FRC/2019/IODN/000000019411

Ogochukwu Agu (Acting Finance & Strategy Director)*

**The waiver of the FRCN has been received for the Acting Finance Director to sign the Audited Financial Statements of the Company pending registration with FRCN.*

The notes on pages 35 to 71 are integral parts of these financial statements.

Income Statement

For the year ended 30 June 2021

	Notes	Year to date 30th June 2021 ₦'000	Year to date 30th June 2020 N'000
Revenue	8(a)	160,416,257	104,376,015
Cost of sales	11(c)	(114,706,338)	(71,045,954)
Gross profit		45,709,919	33,330,061
Other income	9(a)	1,029,816	502,967
Marketing and distribution expenses	9(b)	(26,065,949)	(18,515,206)
Administrative expenses	11(c)	(10,498,206)	(14,339,818)
Net impairment gain/(losses) on financial assets	11(c)	229,315	(2,087,874)
Impairment loss on property, plant and equipment	15(g)	(533,397)	(11,722,386)
Operating profit/(loss)		9,871,498	(12,832,256)
Finance income	10(a)	529,159	301,043
Finance costs	10(b)	(4,631,147)	(4,542,428)
Net finance costs		(4,101,988)	(4,241,385)
Profit/(loss) before taxation		5,769,510	(17,073,641)
Tax (expense)/credit	13(a)	(4,514,172)	4,494,823
Profit/(loss) for the year		1,255,338	(12,578,818)
Earnings per share			
Basic and diluted earnings per share (kobo)	14(a)	57	(574)

The notes on pages 35 to 71 are integral parts of these financial statements.

Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	Year to date 30th June 2021 ₦'000	Year to date 30th June 2020 N'000
Profit/(loss) for the year		1,255,338	(12,578,818)
Other comprehensive income		-	-
Items that will never be reclassified to the income statement			
Remeasurement loss on defined benefit plan	25(a)	(9,861)	(163,032)
Tax credit on other comprehensive loss	27(b)	2,958	48,910
Other comprehensive loss for the year, net of tax		(6,903)	(114,122)
Total comprehensive income/(loss) for the year		1,248,435	(12,692,940)

The notes on pages 35 to 71 are integral parts of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
		₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1 July 2019		1,095,191	47,447,029	-	40,518,242	89,060,462
Total comprehensive income						
Loss for the year		-	-	-	(12,578,818)	(12,578,818)
Other comprehensive loss for the year		-	-	-	(114,122)	(114,122)
Total comprehensive loss for the year		-	-	-	(12,692,940)	(12,692,940)
Transaction with owners, recorded directly in equity						
Dividends to equity holders		-	-	-	(3,329,382)	(3,329,382)
Share-based payment charge	26(c)	-	-	36,215	-	36,215
Share-based payment recharge	26(c)	-	-	(36,215)	-	(36,215)
Total transactions with owners		-	-	-	(3,329,382)	(3,329,382)
Balance at 30 June 2020		1,095,191	47,447,029	-	24,495,920	73,038,140
Balance at 1 July 2020		1,095,191	47,447,029	-	24,495,920	73,038,140
Total comprehensive income						
Profit for the year		-	-	-	1,255,338	1,255,338
Other comprehensive loss for the year		-	-	-	(6,903)	(6,903)
Total comprehensive income for the year		-	-	-	1,248,435	1,248,435
Transaction with owners, recorded directly in equity						
Share-based payment charge	26(c)	-	-	137,701	-	137,701
Share-based payment recharge	26(c)	-	-	(137,701)	-	(137,701)
Total transactions with owners		-	-	-	-	-
Balance at 30 June 2021		1,095,191	47,447,029	-	25,744,355	74,286,575

The notes on pages 35 to 71 are integral parts of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2021

	Note	Year Ended 30 June 2021 ₦'000	Year Ended 30 June 2020 N'000
Cash flows from operating activities			
Profit/(loss) before taxation		5,769,510	(17,073,641)
Adjustments for:			
Depreciation of property plant and equipment	15(a)	8,123,964	10,343,189
Depreciation of right-of-use asset	24(a)	358,133	280,981
Amortisation of intangible assets	16(a)	102,370	331,947
Write-off of property, plant and equipment	15(b(i))	533,397	11,722,387
Gain on disposal of property, plant and equipment	9(a)	(280,911)	(6,935)
Impairment of inventories	18(a)	994,593	2,671,269
Provision release of inventories	18(a)	(1,685,886)	(4,340,743)
Impairment of trade and other receivables	29(a(iii))	(229,315)	2,087,874
Long service awards	25(c)	(57,231)	302,972
Share-based payments	26(c)	137,701	36,215
Other provisions	19(b)	6,041,386	4,722,723
Finance income	10(a)	(529,159)	(301,043)
Finance costs	10(b)	4,631,147	4,542,428
		23,909,699	15,319,622
Changes in working capital:			
Inventories	18(a)	5,657,041	423,652
Trade and other receivables	19(b)	(209,676)	2,859,217
Prepayments	17	60,680	(62,781)
Dividend payables	22(b)	(11,901)	140,518
Trade and other payables	28(b)	32,594,081	1,039,038
Cash generated from operating activities		61,999,924	19,719,266
Income tax paid	13(d)	(1,897,631)	(1,301,333)
Value added tax paid	28(b)	(7,559,012)	(3,097,209)
Gratuity paid	25(a)	(93,251)	(112,606)
Long service awards paid	25(b)	(69,391)	(118,534)
Net cash generated from operating activities		52,380,639	15,089,585
Cash flows from investing activities			
Interest received	10(a)	90,346	125,061
Proceeds from disposal of property, plant and equipment	15(g)	831,834	215,358
Acquisition of property, plant and equipment	15(f)	(12,299,150)	(10,548,826)
Net cash used in investing activities		(11,376,970)	(10,208,407)
Cash flows from financing activities			
Proceeds from loans and borrowings	23(b)	16,311,020	43,006,042
Repayment of loans and borrowings	23(b)	(23,747,989)	(34,612,104)
Repayment of lease liability	24(b)	(119,639)	(400,007)
Interest paid	10(b)	(2,711,924)	(2,945,343)
Dividends paid	22(b)	-	(3,329,382)
Net cash (used in)/generated from financing activities		(10,268,532)	1,719,206
Net increase in cash and cash equivalents		30,735,137	6,600,384
Effect of foreign exchange rate changes on cash and cash equivalents		171,984	149,782
Cash and cash equivalents at 1 July		4,961,713	(1,788,453)
Cash and cash equivalents at 30 June	20(b)	35,868,834	4,961,713

The notes on pages 35 to 71 are integral parts of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2021

1. Reporting entity

Guinness Nigeria Plc, ('the Company'), a public Company quoted on the Nigerian Stock Exchange, was incorporated in Nigeria on 29 April 1950, as a trading company importing Guinness Stout from Dublin. The Company has since transformed itself into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Smooth, Malta Guinness, Guinness Gold, Harp Lager, Smirnoff Ice, Satzenbrau Lager, Dubic Malt, Snapp, Orijin Spirit Mixed Drink, Orijin Bitters, Smirnoff Ice Double Black with Guarana, Orijin Zero and Orijin Herbal Gin, Baileys Delight, Gordons Moringa among others.

The address of the Company's registered office is at 24 Oba Akran Avenue, Ikeja, Lagos.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements were authorized for issue by the Board of Directors on 25 August 2021, and will be submitted for adoption to the Annual General Meeting of Shareholders.

Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet the mandatory repayment terms of banking facilities, trade, lease and other liabilities.

The Company has reported a total comprehensive income of ₦1,248 billion for the year ended 30 June 2021. The company has consistently generated positive cashflow from operating activities, however a net current liabilities was recorded, which was mainly driven by the current economic environment and one-off items of the current financial year.

Management considered the factors above relating to the current and expected profitability, debt repayment schedules and potential sources of replacement financing and satisfied itself that the going concern basis is appropriate.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule), Guinness Nigeria Plc maintains a Dealing in Securities Code (the "Code") which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Code undergoes periodic reviews by the Board of Directors and is updated accordingly to comply with national and international best practice of corporate governance. The Company has made specific enquiries and given relevant notifications to all its Directors, Audit Committee members, employees and other insiders and is not aware of any infringement of the Code during the period under review.

3. Functional and presentation currency

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

4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

(a) Assumptions and estimation uncertainties

Note 15 – Depreciation of property, plant and equipment
Note 15 – Impairment assessment of property, plant and equipment
Note 24 – Extension of lease options
Note 25 – Measurement of defined benefit obligations: key actuarial assumptions
Note 26 – Share-based payments
Note 29 – Expected credit loss in line with IFRS 9 ' Financial Instruments '

(b) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the historical financial information:

Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability is categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Use of estimates and judgements (continued)

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 18 − Net realizable value of inventory
Note 26 − Share based payments
Note 29 − Financial risk management and financial instruments

5. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items which have been measured on an alternative basis on each reporting date.

Items	**Measurement bases**
Non-derivative financial instruments	Initially measured at fair values and subsequently measured at amortized cost.
Employee benefits	Present value of defined benefit obligation.
Share-based payment transactions	Grant date fair value of the equity instrument issued.

6. Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Company

The following standards and amendments have been applied by the Company for the first time for the financial year beginning 1 July 2020:

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

• that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

• the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The application of the amendments had no material impact on the financial statements of the Company.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

• increasing the prominence of stewardship in the objective of financial reporting,
• reinstating prudence as a component of neutrality,
• defining a reporting entity, which may be a legal entity, or a portion of an entity,
• revising the definitions of an asset and a liability,
• removing the probability threshold for recognition and adding guidance on derecognition,
• adding guidance on different measurement basis, and,
• stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The application of the amendments had no material impact on the financial statements of the Company.

(ii) Relevant new standards not yet adopted by the Company

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

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g.: the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability.

Changes in accounting policies and disclosures (continued)

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The effective date of the amendment is 1st of January 2022.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

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

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The effective date of the amendment is 1st of January 2022.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements to IFRS Standards 2018-2020 cycle make amendments to the following standards:

• IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

• IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

• IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

• IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The effective date of the amendment is 1st of January 2022.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

(iii) Early adoption of standards

The Company did not early adopt new or amended standards in the year ended 30 June 2021.

7. Significant accounting policies

Except for the changes explained in Note 6, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was measured. Foreign currency translation differences are generally recognized in income statement. Non-monetary items that are measured based on historical cost in a foreign currency are not re-measured at every reporting date.

(b) Financial instruments

i. Non-derivative financial assets

It is the Company's policy to initially recognize financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss, which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortized cost, fair value through profit or loss and at fair value through other comprehensive income.

Significant accounting policies (continued)

The business models applied to assess the classification of the financial assets held by the company are:

• Hold to collect: Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represents solely payments of principal and interest. Assets held under this business model are measured at amortized cost.

• Fair value through other comprehensive income: Financial assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. The cash flows represents solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.

• Fair value through profit or loss: This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realize the asset's fair value.

All the Company's financial assets as at 30 June 2021 satisfy the conditions for classification at amortized cost under IFRS 9. The financial assets are held to collect contractual cashflows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets).

The Company's financial assets include trade and other receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognized as finance income/cost.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

ii. Non-derivative financial liabilities

Classification and measurement

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortized cost net of directly attributable transaction costs.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Company's own credit risk, which is presented, in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Company's financial liabilities include trade and other payables and interest bearing loans and borrowings.

Derecognition

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

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(c) Share capital

The Company has one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

i. Recognition, measurement and derecognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in income statement.

The Company reviews the residual values and estimated useful life of its assets annually and where necessary adjustments are done to reflect significant changes.

Significant accounting policies (continued)

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in income statement as incurred.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The residual value and the useful life of assets are reviewed at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8.
Given the current economic circumstances, the company has taken into consideration and continuously monitored the potential effects of COVID-19 that would trigger testing of tangible and intangible assets for impairment and/or reassessment of estimated useful lives. Currently no significant effect of COVID-19 was identified on the previously estimated useful lives, the company believes they are still adequate for the current economic situation.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	–	lease period
Buildings	–	60 years
Plant and machinery	–	2 to 40 years
Furniture and equipment	–	3 to 5 years
Motor vehicles	–	4 years
Returnable packaging materials	–	5 to 10 years

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

iv Impairment

Impairment reviews on property, plant and equipment assets are only required to be carried out if circumstances indicate that the carrying values may not be recoverable. Recoverable amount of property, plant and equipment is the higher of value in use and fair value less cost to dispose the asset. When an impairment loss is recognized, the useful economic life and residual value of the asset should be reviewed and revised if necessary. The change in the assumptions should be applied prospectively from the current accounting period: the revised carrying amount should be depreciated over the revised remaining useful economic life. This 'recalibration' of the depreciation charge will be effected from the last external reporting date prior to the impairment.

(e) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. The Company's intangible assets with finite useful life comprises computer software, concession right and distribution right. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific intangible asset to which it relates, otherwise they are expensed.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost less its residual value. Amortisation is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for the current and preceding years are as follows:

Computer software- SAP	–	11 years
Computer software-others	–	5 years
Concession right	–	10 years
Distribution right	–	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An intangible asset is derecognized where it is certain that there would be no future flow of economic benefit to the Company as a result of holding such asset.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials and consumable spare parts	–	purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	–	average cost of direct materials and labour plus the appropriate amount attributable to production overheads based on normal production capacity.
Inventories-in-transit	–	purchase cost incurred to date.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items. Aged spirit products are not included in obsolete provision.

Significant accounting policies (continued)

(g) Prepayments

A prepaid expense is recognized in the balance sheet in case of short term leases (less than 12 months) and expenditures paid in advance for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense.

The company elected to apply the short-term lease recognition exemptions. Leases for less than 12 months or contractual value below 5,000 GBP (or equivalent in Naira) are recorded as prepayments.

(h) Impairment

i. Non-derivative financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortized cost or fair value through other comprehensive income under IFRS 9: Financial instruments. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The simplified approach is applied for trade receivables from related party and third party customers. The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognized in profit or loss.

ii. Non-financial assets

All non-financial assets like property, plant and equipment's, intangible assets, inventories and other non-financial assets are reviewed periodically, whether any indication of impairment exists. The carrying amount of the Company's non-financial assets, other than inventories (which are reviewed every month) are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated.

Given the current economic circumstances, the company has taken into consideration and continuously monitored the potential effects of COVID-19 that would trigger testing of non-financial assets of the company for impairment. No significant effect of COVID-19 was identified which would trigger a significant impairment on non-financial assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(i) Employee benefits

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its management and non-management employees. Employee's contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the income statement. The Company contributes 10% and 12% for management and non-management employees respectively while employees contribute 8% of their insurable earnings (basic, housing and transport allowance).

ii. Gratuity

– *Defined benefit gratuity scheme*

Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of management and non-management staff under the scheme. Employees under the defined benefit scheme are those who had served a minimum of 5 years on or before 31 December 2008 when the scheme was terminated. Independent actuarial valuations are performed periodically on a projected unit credit basis. Remeasurement gains/losses arising from valuations are charged in full to other comprehensive income. The Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

– *Defined contribution gratuity scheme*

The Company has a defined contribution gratuity scheme for management and non-management staff. Under this scheme, a specified amount is contributed by the Company to third party fund managers and recognized as an employee benefit expense to income statement over the service life of the employees.

iii. Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards payable upon completion of certain years in service and accrued over the service lives of the employees. Independent actuarial valuations are performed periodically on a projected unit credit basis. Remeasurement gains or losses and curtailment gains or losses arising from valuations are charged in full to income statement.

Significant accounting policies (continued)

iv. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

v. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

vi. Share-based payment transactions

The fair value of equity settled share options and share grants is initially measured at grant date based on the binomial or Monte Carlo models and is charged in the income statement over the vesting period. For equity settled share-based payments, the credit is included in share-based payment reserve in equity whereas for cash settled share-based payments a liability is recognized in the statement of financial position, measured initially at the fair value of the liability.

For cash settled share options and share grants, the fair value of the liability is remeasured at the end of each reporting period until the liability is settled, and at the date of settlement, with any changes in the fair value recognized in the income statement. Cancellations of share options are treated as an acceleration of the vesting period and any outstanding charge is recognized in income statement immediately.

(j) Leases

On the commencement date of each lease (excluding leases with a term of 12 months or less on commencement and leases for which the underlying asset is of low value), the Company recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

(k) Provisions and contingent liabilities

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(l) Revenue from Contracts with Customers

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Company's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognized as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognized.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

Revenue from Contracts with Customers (continued)

The probability that a customer would make payment is ascertained based on management's evaluation. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Sale of goods

Sale of goods arises from sale of drinks to third parties and related parties. Revenue from the sale of goods is recognized when the control of the goods are transferred to the buyer. This occurs when the goods leave the Company's premises or picked up by the customers. This is at a point in time. The customer obtains the right to return goods that are bad or damaged after they have been delivered.

Revenue from sale of drinks is recognized based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract.

Product returns for a refund or credit note

Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognized and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur.
The Company allows customers to return products after delivery within a certain timeframe if unsatisfactory. IFRS requires the company to estimate expected returns which should not be recognized as revenue until the return period lapses.

When a customer exercises this right to return products, the company also has a right to recover the product from the customer and will recognize an asset - Right of recovery in trade and other receivables and a corresponding adjustment to Cost of sales.

Advance payments

The Company has contracts with customers that requires advance payment to be made before sale of drinks can occur. The Company has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following;

(a) The difference, if any, between the amount of promised consideration and cash selling price and;
(b) The combined effect of both the following:
- The expected length of time between when the Company transfers the product to their customers and when payment is received and;
- The prevailing interest rate in the relevant market.

The advance period is less than 12 months, usually within 30 days. As a result, the effect of discounting will not be material. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

Customer deposit liability

Customer deposit liability (CDL) relates to the returnable packaging deposits that are in trade with distributors and wholesalers but are considered the company's assets. CDL balance assessment is carried out during the financial year and CDL is posted based on physical count and business backgrounds.

Recognition of contract liabilities

The Company introduced the presentation of liabilities in the statement of financial position to reflect the requirements of IFRS 15. Contract liabilities have been reclassified from customer deposits as at 30 June 2021 which are advance payments received from customers.

Rendering of services

Revenue on delivery services are recognized when the goods have been shipped to the required location. Control passes to the customer over time as the goods are being transported but recognizes revenue at a point in time. This is because the company has assessed the impact of an overtime recognition to be immaterial since the delivery is short term in nature.

(m) Contingent assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed in the notes to the financial statements where an inflow of economic benefits is probable.
Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

Export Credit Certificate

The company treats Export Credit Certificate (ECC) as contingent asset. ECC is recognized in the period it is received and included as part of Other income in the financial statements.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested. Finance income is recognized as it accrues in income statement, using the effective interest method.

Finance costs comprise interest expense on borrowings, interest expense on lease liabilities, unwinding of the discount on provisions, interest expense on factoring of trade receivables recognized on financial assets, except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the related assets, are recognized in income statement using the effective interest method.

Foreign currency gains and losses are reported separately as either finance income and finance cost respectively.

Significant accounting policies (continued)

(o) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income statement except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is recognized in the income statement account except to the extent that it relates to a transaction that is recognized directly in equity. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

i. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income statement.
ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.
iii. temporary differences arising on the initial recognition of goodwill.

(p) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

(q) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items are eliminated for the purpose of preparing the statement of cash flows. Dividends paid to ordinary shareholders are included in financing activities. Finance cost paid is also included in financing activities while finance income received is included in investing activities.

(r) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Guinness Leadership Team which comprises of the members of the Board of Directors and other Executive Officers.

Segment information is required to be presented in respect of the Company's business and geographical segment, where applicable. The Company's primary format for segment reporting is based on operating segments. The operating segments are determined by management based on the Company's internal reporting structure. Where applicable, segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(s) Service concession charges

Service concession charges represent fixed annual amounts payable to the grantor in respect of concession right to the concession asset. These amounts are charged to the income statement over the duration of the concession period, if immaterial.

8. Revenue

(a) Disaggregation of revenue from contract with customers

	2021	2020
	₦'000	₦'000
Nigeria	158,946,729	102,579,319
Export	1,469,528	1,796,696
	160,416,257	104,376,015

Nigeria is the Company's primary geographical segment as over 99% of the Company's revenue is earned from sales in Nigeria. All of the Company's revenue is derived from sale of similar products with similar risks and returns. Additionally, there is no identifiable component of the business with up to 10% of the total revenue, the absolute measure of profit or loss and its assets. Thus, further segment information has not been presented.

(b) Liabilities relating to contracts with customers

	2021	2020
	₦'000	₦'000
Contract liabilities	715,937	1,493,876

Contract liabilities with customers as at 30 June 2021 amounting to ₦0,716 million (2020: ₦1,494 million) is included in current liabilities in statement of financial position.

Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities

	2021
	₦'000
Revenue recognized that was included in the contract liability balance at the beginning of the period	1,493,876

There was no revenue recognized in the current year from performance obligations satisfied in previous periods. There was no significant financing components in the contracts with customers.

9. Other income, marketing and distribution expenses

(a) Other income comprises:	2021	2020
	₦'000	₦'000
Income from leased assets (Note 15(j))	363,424	240,300
Sale of by-products	385,481	255,732
Gain on disposal of property, plant and equipment Note 15(g))	280,911	6,935
	1,029,816	502,967

(b) Marketing and distribution expenses

	2021	2020
	₦'000	₦'000
Marketing expenses	13,490,498	8,183,211
Distribution expenses	12,575,451	10,331,995
	26,065,949	18,515,206

10. Finance income and finance costs

(a) Finance income is as follows:

(i) Finance income per income statement

	2021	2020
	₦'000	₦'000
Interest income on bank deposits		
Total interest income arising from financial assets	90,346	125,061
Interest impact on remeasurement of lease liability (Note 24(b))	73,769	-
Gain on re-measurement of foreign currency balances	365,044	175,982
	529,159	301,043

(ii) Finance income received in the statement of cash flows

	2021	2020
	₦'000	₦'000
Finance income per income statement	529,159	301,043
Interest impact on remeasurement of lease liability (Note 24(b))	(73,769)	-
Unrealized exchange gain	(365,044)	(175,982)
	90,346	125,061

(b) Finance costs are as follows:

(i) Finance costs per income statement

	2021	2020
	₦'000	₦'000
Finance expense on loans and borrowings (23(b))	1,404,421	2,978,674
Interest expense on lease liabilities (24(b))	34,700	108,297
Exchange difference on foreign currency loan (23(b))	527,980	580,687
Interest expense on employee benefits (Note 25(c))	131,557	133,118
Loss on re-measurement of foreign currency balances	2,532,489	741,652
	4,631,147	4,542,428

(ii) Finance costs paid in the statement of cash flows

	2021	2020
	₦'000	₦'000
Finance costs per income statement	4,631,147	4,542,428
Interest expense on employee benefits (Note 25(c))	(131,557)	(133,118)
Unrealized foreign exchange loss	(1,787,666)	(1,463,967)
	2,711,924	2,945,343

11. Profit/(loss) before taxation

(a) Profit/(loss) before taxation is stated after charging:

	2021	2020
	₦’000	₦’000
Depreciation of property, plant and equipment (Note 15(a))	8,123,964	10,343,189
Depreciation of right-of-use assets (Note 24(a))	358,133	280,981
Impairment loss on property, plant and equipment (Note 15(b))	533,397	11,722,386
Amortisation of intangible assets (Note 16(a))	102,370	331,947
Auditor’s remuneration	38,000	38,000
Personnel expenses (Note12 (a))	11,338,154	10,428,763
Directors' remuneration (Note 11(b))	589,855	607,888
Gain on disposal of property, plant and equipment (Note 15(g))	(280,911)	(6,935)
Rental expenses	355,959	1,201,976
Royalty and technical service fees (Note 31(b(ii)))	918,201	566,611

In addition to the statutory audit fee above, PwC received N64.1 million (2020: N59 million) for SOX testing and Group reporting towards the integrated audit of Diageo Plc.

(b) Directors’ remuneration

Remuneration, excluding gratuity and pension contributions for Directors of the Company, who discharged their duties mainly in Nigeria, was as follows:

	2021	2020
	₦’000	₦’000
Fees paid to Non-Executive Directors	87,695	97,108
Fees and remuneration paid to the Chairman	36,201	35,935
Remuneration paid to Executive Directors	465,959	474,845
	589,855	607,888

The remuneration (excluding gratuity and pension contributions) of the highest paid Director amounted to ₦243 million (2020: ₦255 million).

The table below shows the number of directors of the Company (excluding the Chairman) whose remuneration excluding certain benefits, gratuity and pension contributions (in respect of services to the Company) fell within the bands shown below:

	2021	2020
	Number	Number
₦2,000,001 - ₦20,000,000	10	10
₦100,000,001 and ₦200,000,000	1	-
₦200,000,001 and above	1	2
	12	12

(c) Analysis of expenses by nature

	2021	2020
	₦’000	₦’000
Raw materials and consumables (Note 18(a))	84,230,651	43,947,164
Freight costs	12,575,451	10,331,995
Advertising and promotion	13,490,498	8,183,211
Personnel expenses (Note 12(a))	11,338,154	10,428,763
Depreciation of property, plant and equipment (Note 15(a))	8,123,964	10,343,189
Depreciation of right-of-use assets (Note 24(a))	358,133	280,981
Amortisation of intangible assets (Note 16(a))	102,370	331,947
Impairment loss on property, plant and equipment (15(b))	533,397	11,722,386
Net (decrease)/increase in impairment losses on financial assets (29(f(iii)))	(229,315)	2,087,874
Rental expenses	355,959	1,201,976
Royalty and technical service fees (Note 31)	918,201	566,611
Repairs and maintenance	3,759,613	3,883,008
Travel and entertainment	736,406	1,001,530
Professional costs	1,078,554	955,641
External labour costs	1,344,434	1,448,779
Facilities	1,741,232	1,499,483
IT service costs	659,735	501,456
Utilities	5,822,625	3,628,736
Cleaning of plant and machineries	2,772,077	2,426,971
Others	1,862,436	2,939,539
Total expenses	151,574,575	117,711,240

Total expenses is analysed as below:	2021	2020
	₦'000	₦'000
Cost of Sales	114,706,338	71,045,954
Marketing and distribution expenses	26,065,949	18,515,206
Administrative expenses	10,498,206	14,339,818
Impairment loss on property, plant and equipment	533,397	11,722,386
Net (decrease)/increase in impairment losses on financial assets	(229,315)	2,087,874
	151,574,575	117,711,238

12. Personnel expenses

(a) Personnel expenses including the provision for gratuity liabilities and other long term employee benefits comprise:

	2021	2020
	₦'000	₦'000
Salaries, wages and allowances	10,241,605	8,990,388
Contributions to defined contribution plans (Note 25(d) and Note 25(e))	1,011,123	934,181
Share-based payments expense (Note 26(c))	137,701	36,215
Other long term employee benefits (Note 25(c))	(57,231)	307,428
Termination cost	4,956	160,551
Total personnel expenses	11,338,154	10,428,763

(b) The average number of persons employed during the year are:

	2021	2020
	Number	Number
Operations and Technical	374	381
Sales	375	355
Marketing	29	28
Finance, IT and Human Resources	45	50
Legal and Corporate Affairs	12	8
	835	822

(c) The average number of employees of the Company during the year, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

			2021	2020
			Number	Number
₦100,000	–	₦500,000	5	-
₦500,001	–	₦1,000,000	11	4
₦1,000,001	–	₦1,500,000	31	6
₦1,500,001	–	₦2,000,000	65	5
₦2,000,001	–	₦2,500,000	95	11
₦2,500,001	–	₦3,000,000	23	47
₦3,000,001	–	₦3,500,000	33	32
₦3,500,001	–	₦4,000,000	39	115
₦4,000,001	–	₦4,500,000	65	25
₦4,500,001	–	₦5,000,000	76	8
₦5,000,001	–	₦5,500,000	42	7
₦5,500,001	–	₦6,000,000	25	10
₦6,000,001	–	₦6,500,000	33	31
₦6,500,001	–	₦7,000,000	37	80
₦7,000,001	–	₦7,500,000	29	40
₦7,500,001	–	₦8,000,000	18	26
₦8,000,001	–	₦8,500,000	21	26
₦8,500,001	–	₦9,000,000	26	38
₦9,000,001	–	₦9,500,000	19	23
₦9,500,001	–	₦10,000,000	15	21
₦10,000,001 and above			127	267
			835	822

13. Taxation

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

(a) Amounts recognized in income statement

	2021	2020
	₦'000	₦'000
Current tax expense:		
Income tax	405,219	612,633
Tertiary education tax	237,804	131,571
Prior years under-provision	1,503,390	-
	2,146,413	744,204
Deferred tax expense/(credit):		
Origination/(reversal) of temporary differences (Note 27(b))	2,367,759	(5,239,027)
Total tax expense/(credit)	4,514,172	(4,494,823)

(b) Tax credit recognized in other comprehensive income

	2021	2020
	₦'000	₦'000
Deferred tax arising on remeasurement of defined benefit liability (Note 27(b))	2,958	48,910

(c) Reconciliation of effective tax rate

	2021	2020
	₦'000	₦'000
Profit/(loss) before taxation	5,769,510	(17,073,641)
Income tax using the statutory tax rate (30%)	1,730,853	(5,122,092)
Adjusted for:		
Impact of tertiary education tax	237,804	131,571
Minimum tax payable	405,219	612,633
Effect of tax incentives and exempted income	54,253	49,305
Non-deductible expenses	(318,249)	(1,605,267)
Prior years under-provision	1,503,390	-
Effect of timing differences	900,902	1,439,027
Total income tax expense/(credit) in income statement	4,514,172	(4,494,823)

(d) Movement in current tax liabilities

	2021	2020
	₦'000	₦'000
Balance at 1 July	744,204	1,685,791
Payments during the year	(1,897,631)	(1,301,333)
Charge for the year (Note (13(a))	2,146,413	744,204
Withholding tax credit notes utilised	-	(384,458)
Balance at 30 June	992,986	744,204

14. Earnings and declared dividend per share

(a) Basic and diluted earnings per share

	2021	2020
Profit/(loss) attributable to ordinary shareholders (N'000)	1,255,338	(12,578,818)
Weighted average number of shareholders (thousands)	2,190,383	2,190,383
Basic and diluted earning per share (Kobo)	57	(574)

There were no dilutive ordinary potential shares during the years presented.

(b) Declared dividend per share

Dividend declared per share is Nil (2020: 152k), based on total declared dividend of Nil (2020: ₦3,329,588) on 2,190,382,819 (2020: 2,190,382,819) ordinary shares of 50 kobo each, being the ordinary shares in issue at the date the dividend was declared.

15. Property, plant and equipment (PPE)

(a) The movement on PPE during the year was as follows:

	Note	Leasehold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Returnable packaging materials	Capital work-in-progress	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost									
At 1 July 2019		828,428	20,554,522	116,506,179	1,099,569	9,374,461	39,718,373	5,990,528	194,072,060
Reclassification of opening balances	15(i)	-	1,247,061	(688,678)	(576,252)	(348,293)	(287,234)	494,057	(159,339)
Additions		-	18,897	3,339,648	-	293,076	2,650,954	4,089,405	10,391,980
Transfers		-	6,384	3,585,702	-	358,811	259,597	(4,210,494)	-
Write-offs	15(g)	-	(1,158,212)	(21,471,443)	(21,421)	-	(7,758,795)	(485,329)	(30,895,200)
Disposal	15(g)	-	-	(2,453,539)	(10,570)	(2,019,702)	(1,652,262)	-	(6,136,073)
At 30 June 2020		828,428	20,668,652	98,817,869	491,326	7,658,353	32,930,633	5,878,167	167,273,428
At 1 July 2020		828,428	20,668,652	98,817,869	491,326	7,658,353	32,930,633	5,878,167	167,273,428
Reclassification from intangibles (Note 16)		-	-	556,862	(50,868)	-	-	-	505,994
Additions		7,500,000	47,211	1,282,640	-	2,071,256	1,460,886	1,959,484	14,321,477
Transfers		-	263,784	3,243,726	-	-	84,675	(3,592,185)	-
Write-offs	15(g)	-	-	(2,657,875)	(1,995)	(6,713)	(2,521,470)	2,039	(5,186,014)
Disposal	15(g)	-	-	(1,158,345)	(46,118)	(290,932)	(2,686,352)	-	(4,181,747)
At 30 June 2021		8,328,428	20,979,647	100,084,877	392,345	9,431,964	29,268,372	4,247,505	172,733,138
Depreciation and impairment									
At 1 July 2019		(144,120)	(3,906,397)	(53,693,573)	(1,022,325)	(6,485,730)	(28,018,851)	-	(93,270,996)
Reclassification of opening balances	15(i)	-	(137,521)	324,144	503,575	(564,825)	33,966	-	159,339
Charge for the year		-	(368,879)	(5,373,428)	(2,250)	(987,868)	(3,610,764)	-	(10,343,189)
Write-offs	15(b(i))	-	312,886	13,841,773	21,421	-	6,452,628	-	20,628,708
Impairment loss	15(b(ii))	-	-	-	-	-	(1,455,895)	-	(1,455,895)
Disposals	15(g)	-	-	2,284,937	10,570	1,995,968	1,636,174	-	5,927,649
At 30 June 2020		(144,120)	(4,099,911)	(42,616,147)	(489,009)	(6,042,455)	(24,962,742)	-	(78,354,384)
At 1 July 2020		(144,120)	(4,099,911)	(42,616,147)	(489,009)	(6,042,455)	(24,962,742)	-	(78,354,384)
Reclassification from intangibles (Note 16)		-	-	(352,089)	50,745	-	-	-	(301,344)
Charge for the year		-	(495,039)	(4,752,278)	(947)	(600,946)	(2,274,754)	-	(8,123,964)
Write-offs	15(g)	-	-	3,080,092	1,995	6,494	1,564,036	-	4,652,617
Disposals	15(g)	-	-	1,074,557	46,096	288,059	2,222,112	-	3,630,824
At 30 June 2021		(144,120)	(4,594,950)	(43,565,865)	(391,120)	(6,348,848)	(23,451,348)	-	(78,496,251)
Carrying amount									
At 30 June 2020		684,308	16,568,741	56,201,722	2,317	1,615,898	7,967,891	5,878,167	88,919,044
At 30 June 2021		8,184,308	16,384,697	56,519,012	1,225	3,083,116	5,817,024	4,247,505	94,236,887

All assets are domiciled in Nigeria.

b) Impairment loss on property, plant and equipment

i) During the year, the Company identified assets which are idle, damaged, obsolete and those relating to discontinued brands which are unable to generate future economic benefit to the Company through continued operational usage, hence, these assets were written off. The carrying value of assets written off is N533 million (2020: 10,266 million) as analysed below:

	Cost	Accumulated depreciation	Net book value
Assets write-offs	₦'000	₦'000	₦'000
At 30 June 2020	30,895,200	(20,628,708)	10,266,492
At 30 June 2021	5,186,014	(4,652,617)	533,397

ii) The total impairment loss recognized in the year is as analysed below:

	Asset write-off	Additional impairment	Total
Impairment loss on property, plant and equipment	₦'000	₦'000	₦'000
At 30 June 2020	10,266,489	1,455,897	11,722,386
At 30 June 2021	533,397	-	533,397

Other than the write-offs executed during the year ended 30 June 2021 there was no further impairment charge arising from the impairment testing of the company as a cash generating unit ("CGU")

Property, plant and equipment (PPE) continued

(c) Capital work-in-progress

Additions to capital work-in-progress' during the year comprises the following:

	2021	2020
	₦'000	₦'000
Plant and machinery	1,959,484	4,089,405

(d) Included in property, plant and equipment are assets purchased during the year that had not been paid for and included in trade and other payables, amounting to ₦10.049 billion (2020: ₦415 million). This has been adjusted for in the statement of cashflows. Refer to Note 15(f).

(e) Capital expenditure commitments at the year end authorized by the Board of Directors comprise:

	2021	2020
	₦'000	₦'000
Contracted	3,614,381	5,402,028
Not contracted	17,284,200	14,942,215
	20,898,581	20,344,243

(f) Cash paid on acquisition of property, plant and equipment in the statement of cash flows.

	2021	2020
	₦'000	₦'000
Additions during the year (Note 15(a))	14,321,477	10,391,980
Payments on prior year acquisitions	526,354	572,041
Unpaid invoices on current year acquisitions	(2,548,681)	(415,195)
	12,299,150	10,548,826

(g) PPE disposed/written off in the statement of cash flows

	2021	2020
	₦'000	₦'000
Cost of PPE disposed (Note 15(a))	4,181,747	6,136,073
Accumulated depreciation on PPE disposed	(3,630,824)	(5,927,649)
Net book value of PPE disposed	550,923	208,424
Proceeds from disposal of property, plant and equipment	(831,834)	(215,358)
Gain on disposal of property, plant and equipment (Note 9(a))	(280,911)	(6,935)
Cost of PPE written off (Note 15(a))	5,186,014	30,895,200
Accumulated depreciation on PPE written off	(4,652,617)	(20,628,708)
Carrying amount of PPE written off	533,397	10,266,492
Impairment loss on property, plant and equipment	-	1,455,897
Net book value of PPE written off	533,397	11,722,389

(h) No borrowing costs were capitalised during the year (2020: Nil).

(i) Reclassification of opening balances

There is an opening balance reclassification between cost and accumulated depreciation to align with the general ledger and the property, plant and equipment register. However, it has nil effect on the property, plant and equipment net book value, therefore, the balance in the statement of financial position - both in current and prior year - gives a true and fair view.

(j) Included in property, plant and equipment are plant and machinery and motor vehicles, which the Company has leased out to third parties. Income realized from these assets is included in other income as NGN 363 million (2020: 240 million NGN)

16. Intangible assets

(a) The movement in intangible assets during the year is as follows:

	Distribution right	Concession right	Computer software	Total
	₦'000	₦'000	₦'000	₦'000
Cost				
Balance at 1 July 2019	995,250	485,611	2,306,756	3,787,617
Reclassification between cost and amortisation	-	-	25,392	25,392
Disposals	-	-	(7,839)	(7,839)
Balance at 30 June 2020	995,250	485,611	2,324,309	3,805,170
Balance at 1 July 2020	995,250	485,611	2,324,309	3,805,170
Reclassification to PPE (Note 15)	-	(485,611)	(20,383)	(505,994)
Write-off	-	-	(1,588)	(1,588)
Balance at 30 June 2021	995,250	-	2,302,338	3,297,588
Amortisation				
Balance at 1 July 2019	(696,675)	(252,499)	(2,197,384)	(3,146,558)
Reclassification between cost and amortisation	-	-	(25,392)	(25,392)
Disposals	-	-	7,839	7,839
Charge for the year (Note 11(c))	(199,050)	(50,331)	(82,566)	(331,947)
Balance at 30 June 2020	(895,725)	(302,830)	(2,297,503)	(3,496,058)
Balance at 1 July 2020	(895,725)	(302,830)	(2,297,503)	(3,496,058)
Reclassification to PPE (Note 15)	-	302,830	(1,486)	301,344
Write-off	-	-	1,588	1,588
Charge for the year (Note 11(c))	(99,525)	-	(2,845)	(102,370)
Balance at 30 June 2021	(995,250)	-	(2,300,246)	(3,295,496)
Carrying amount				
At 30 June 2020	99,525	182,781	26,806	309,112
At 30 June 2021	-	-	2,092	2,092

(b) Concession right

In 2014, the Company entered into a concession agreement ("the Agreement") with the Edo State Government ("the Grantor"). Under the terms of the agreement, the Company was granted the right to build, operate, maintain, repair, control and ensure public access to the Iyoha Road ("the Road") for a period of ten (10) years from 1 June 2015 after which control of the Road reverts to the Grantor. The intangible asset represents the Company's right over the Road for the remaining concession period.

(c) The amortisation charge of all intangible assets is included in administrative expenses.

(d) Distribution rights to Diageo plc's international premium spirits brands (IPS) in Nigeria.

Guinness Nigeria Plc purchased the distribution rights to Diageo plc's international premium spirits (IPS) brands in Nigeria with effect from 1 January 2016 and the rights was amortized over a period of five (5) years which gives Guinness Nigeria Plc the right to distribute and market the IPS brands in Nigeria. The related amortisation expense of ₦99 million (2020: ₦199 million) is recognized in administrative expenses in the year. The distribution right remains in place after full amortization of the asset, but are granted by the brand owners at no cost to the company.

17. Prepayments

Prepayments comprise:

	2021	2020
	₦'000	₦'000
Prepaid rent	84,638	155,212
Other prepaid expenses	320,302	310,408
	404,940	465,620

Prepayments is analysed into:

	₦'000	₦'000
Non-current	-	1,675
Current	404,940	463,945
	404,940	465,620

Other prepaid expenses relate to housing and education allowances and leave allowance, car-cash allowance and payment made in advance for purchase of raw materials.

18. Inventories

(a) Inventories comprise:

	2021	2020
	₦'000	₦'000
Finished products	4,762,042	10,233,366
Products in process	1,493,498	1,440,815
Raw materials and packaging materials	8,125,198	8,880,468
Engineering spares	2,195,531	1,871,644
Inventories in transit	4,884,236	3,999,960
	21,460,505	26,426,253

Inventory balances have been disclosed net of provision for impairment as at year end.

The value of raw and packaging materials, spare parts, changes in finished products and products in process recognized in cost of sales during the year amounted to ₦84,230 million (2020: ₦46,232 million) Note 11(c).

During the year impairment on slow movement inventories was ₦995 million (2020:₦2,671 million), meanwhile the provision release on inventories amounted to ₦1,686 million (2020: ₦4,341 million). The net effect in the income statement is ₦691million (2020: ₦1,669 million). This write - down is included in cost of sales and has been adjusted for in the statement of cash flows.

19. Trade and other receivables

(a) Trade and other receivables comprise:

	2021	2020
	₦'000	₦'000
Financial assets:		
Trade receivables	13,645,718	7,224,184
Impairment loss (Note 29(f))	(4,540,287)	(4,717,760)
	9,105,431	2,506,424
Other receivables	564,293	259,375
Impairment loss (Note 29(f))	(134,689)	(186,532)
	429,604	72,843
Amounts due from related parties (Note 31(b))	3,292,073	14,585,212
Total financial assets	12,827,108	17,164,479
Non-financial assets:		
Other receivables- current	1,753,347	6,922,019
Impairment loss	(561,070)	(5,367,545)
Total non-financial assets	1,192,277	1,554,474
Total trade and other receivables	14,019,385	18,718,953

All items under Trade and other receivables are measured at amortized cost. The carrying amount is a reasonable approximation of fair value.

Movement in impairment provision of other receivables and non-financial assets is as follows:	2021	2020
	₦'000	₦'000
Opening balance	(5,554,077)	(3,244,106)
Additions in the year	(695,758)	(2,605,902)
Release in the year	222,458	295,931
Derecognition to contingent asset (Note 30)	5,331,619	-
	(695,758)	(5,554,077)

(b) Changes in trade and other receivables in the statement of cash flows is analysed below:

	2021	2020
	₦'000	₦'000
Change in current trade and other receivables	4,699,569	7,299,746
Unrealized exchange gain	193,059	26,200
Withholding tax credit notes applied for tax settlement (Note 13(d))	-	(384,458)
Impairment loss on (non-financial) other receivables (Note 19(a))	-	(1,994,396)
Impairment gain/(loss) on (financial) trade and other receivables (Note 29(f(iii)))	229,315	(2,087,874)
Derecognition to contingent asset (Note 30)	(5,331,619)	-
	(209,676)	2,859,217

20. Cash and cash equivalents

(a) Restricted cash

	2021	2020
	₦'000	₦'000
Restricted cash	2,981,881	3,092,163

Restricted cash relates to unclaimed dividends held in a separate interest bearing bank account in accordance with guidelines issued by the Securities and Exchange Commission (SEC). Under the SEC guidelines, these amounts are restricted from use by the Company.

(b) Cash and cash equivalents

	2021	2020
	₦'000	₦'000
Bank balances	30,839,748	5,242,290
Short-term deposits	5,029,086	28,934
Cash and cash equivalents	35,868,834	5,271,224
Bank overdrafts	-	(309,511)
Cash and cash equivalents in the statement of cash flows	35,868,834	4,961,713

Cash and cash equivalents have maturities of less than three months. Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments and bank overdrafts.

21. Share capital and reserves

(a) Authorized ordinary shares of 50k each
in thousands of shares

	2021	2020
At 30 June	2,500,000	2,500,000

(b) Issued and fully paid-up ordinary shares of 50k each
in thousands of shares

	2021	2020
At 30 June	2,190,383	2,190,383

Share capital	2021	2020
	₦'000	₦'000
At 30 June	1,095,191	1,095,191

(c) Share premium
Share premium represents the consideration received in excess of the nominal value of ordinary shares of the Company.
All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

(d) Share-based payment reserve
The share-based payment reserve comprises the cumulative weighted average fair value of executive share option and executive share award plans granted by Diageo plc to Directors and employees of the Company which have not vested at year end.

22. Dividends

(a) Declared dividend
The following dividends were declared and paid by the Company during the year:

	2021	2020
	₦'000	₦'000
Nil (2020: 152k)	-	3,329,382

After the respective reporting dates, the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

	2021	2020
	₦'000	₦'000
46k (2020: Nil)	1,007,576	-

(b) Dividend payable

	2021	2020
	₦'000	₦'000
At 1 July	3,134,594	2,994,076
Declared dividend (Note 22(a))	-	3,329,382
Received from registrar	171,331	190,518
Payments during the year:		
Paid by the registrar	(183,232)	(50,000)
Cash and cash equivalents	-	(3,329,382)
At 30 June	3,122,693	3,134,594

Dividend payable is represented by	2021	2020
Restricted cash (Note 20(a))	2,981,881	3,092,163
Balance with Registrar	140,812	42,431
	3,122,693	3,134,594

(c) The balance of ₦3,122 million (2020: ₦3,135 million) represents unclaimed dividends, which is held in separate interest yielding bank accounts in line with the Security and Exchange Commission (SEC) guidelines.

(d) During the year, no unclaimed dividends (2020: nil) became statute barred for transfer into retained earnings.

23. Loans and borrowings

(a) Loans and borrowings comprise:

	2021	2020
	₦'000	₦'000
Related party loans (Note 23(d))	9,214,452	8,725,750
Commercial papers (Note 23(d))	-	4,771,882
Letters of credit (Note 23(d))	6,778,691	7,303,362
Short term loan (Note 23(d))	-	2,000,000
Total loans and borrowings	15,993,143	22,800,994

The total loans and borrowings is classified as follows:

	2021	2020
	₦'000	₦'000
Current liabilities		
Related party loans	9,214,452	8,725,750
Letters of credit	6,778,691	7,303,362
Commercial papers	-	4,771,882
Short term loan	-	2,000,000
Total current loans and borrowings	15,993,143	22,800,994
Total loans and borrowings	15,993,143	22,800,994

As at 30 June 2021, the Company had an outstanding related party loan of $22,5 million (2020: $22.5 million) included in loans and borrowing. The Naira equivalent is ₦9,214 million (2020: ₦8,725 million). The loan will mature in May 2023 at an interest rate of 3 months LIBOR plus 629 bps.

(b) Movement in loans and borrowings

	2021	2020
	₦'000	₦'000
At 1 July	22,800,994	13,381,610
Proceeds from loans and borrowings obtained during the year	16,311,020	43,006,042
Finance cost:		
- Interest expense (Note 10(b))	1,404,421	2,978,674
Exchange difference on foreign currency loan (Note 10(b))	527,980	580,687
Interest paid	(1,303,283)	(2,533,915)
Loans repaid during the year	(23,747,989)	(34,612,104)
At 30 June	15,993,143	22,800,994

(c) Net debt

	2021	2020
	₦'000	₦'000
Cash and cash equivalents	35,868,834	5,271,224
Bank overdraft	-	(309,511)
Loans and borrowings - current (excluding bank overdraft)	(15,993,143)	(22,800,994)
	19,875,691	(17,839,281)

For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 29.

(d) Terms and conditions of the outstanding loans and borrowings are as follows:

	Nominal interest rate	Maturity	Carrying amount 2021 ₦'000	Face value 2021 ₦'000	Carrying amount 2020 ₦'000	Face value 2020 ₦'000
Letters of credit - SCB	3-month LIBOR + 4.25%	1 year	4,320,802	4,320,802	7,014,360	7,014,360
Letters of credit - CITI	3-months LIBOR +6%	1 year	648,101	648,101	273,665	273,665
Letters of credit - FBN	3-month LIBOR + 4%	1 year	13,639	13,639	13,873	13,873
Letters of credit - STANBIC	3-months LIBOR +6%	1 year	1,602,986	1,602,986	1,464	1,464
Letters of credit - UBA	3-months LIBOR +7%	1 year	193,163	193,163	-	-
Short term loan - Stanbic	8%	1 year	-	-	2,000,000	2,000,000
Commercial paper series 1	6%	180 days	-	-	2,407,600	2,407,600
Commercial paper series 2	6.5%	270 days	-	-	2,364,282	2,364,282
Intercompany loan	3-months LIBOR +4.75%	May 2021	9,214,452	9,214,452	8,725,750	8,725,750
			15,993,143	15,993,143	22,800,994	22,800,994

24. Leases

(a) Right-of-use assets

Upon adoption of IFRS 16 Leases on 1 July 2019, the right-of-use assets were recognized and remeasured at an amount equal to the lease liabilities, with exception of leasehold land which has been recognized at an amount equal to the originally recognized prepaid operating lease rentals.

Movement in right-of-use assets:

	Land & Building ₦'000	Total ₦'000
Gross carrying value		
At 1 July 2019 - restated	956,179	956,179
Additions	268,014	268,014
At 30 June 2020	1,224,193	1,224,193
At 1 July 2020	1,224,193	1,224,193
Remeasurement Right-of-use assets (Note 24(b))	(153,078)	(153,078)
Additions	-	-
Write off	(204,455)	(204,455)
At 30 June 2021	866,660	866,660
Accumulated depreciation		
At 1 July 2019	-	-
Depreciation charge (Note 11(c))	(280,981)	(280,981)
At 30 June 2020	(280,981)	(280,981)
At 1 July 2020	(280,981)	(280,981)
Depreciation charge (Note 11(c))	(358,133)	(358,133)
Write off	204,455	204,455
At 30 June 2021	(434,659)	(434,659)
Net book value at 30 June 2020	943,212	943,212
Net book value at 30 June 2021	432,001	432,001

The Company leases space for buildings. The leases of office space is mainly for more than 10 years with an option to renew.

Leases (continued)

(b) **Lease liabilities**

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

Movement in lease liabilities:

	₦'000
At 1 July 2019 - restated	956,179
Additions	268,014
Interest expense on leases (Note 10(b))	108,297
Repayment of lease liabilities:	
- Payment of the principal portion of the lease liabilities	(400,007)
- Interest paid on lease liabilities	(108,297)
At 30 June 2020	**824,186**
Presented as:	
Current lease liabilities	170,331
Non-current lease liabilities	653,855
At 30 June 2020	**824,186**
At 1 July 2020	**824,186**
Additions	-
Remeasurement (Note 24(a))	(153,078)
Interest impact on remeauserement of lease liability (Note 10(a))	(73,769)
Interest expense on leases (Note 10(b))	34,700
Repayment of lease liabilities:	
- Payment of the principal portion of the lease liabilities	(119,639)
- Interest paid on lease liabilities	(34,700)
At 30 June 2021	**477,700**
Presented as:	
Current lease liabilities	293,391
Non-current lease liabilities	184,309
At 30 June 2021	**477,700**

25. Employee benefits

The defined benefit obligation (gratuity) and long service award are based upon independent actuarial valuation conducted by Rotimi Okpaise (FRC/2012/NAS/00000000738) of Ernst & Young, Nigeria.

	2021	2020
	₦'000	₦'000
Present value of defined benefit obligation (Note 25(a))	238,558	296,859
Present value of long service awards (Note 25(b))	1,025,972	1,046,126
	1,264,530	1,342,985

(a) Movement in the present value of the defined benefit obligation (gratuity)

	2021	2020
	₦'000	₦'000
Defined benefit obligation at 1 July	296,859	216,169
Benefit paid by the plan	(93,251)	(112,606)
Interest expense on obligation	25,089	30,264
Actuarial losses/(gains) recognized in other comprehensive income		
Remeasurements arising from changes in assumption	(41,865)	64,096
Remeasurements arising from experience adjustment	51,726	98,936
	9,861	163,032
Defined benefit obligation at 30 June	238,558	296,859

The defined benefit obligation (gratuity) was discontinued and frozen with effect from 31 December 2008. Consequently, no current service costs have been recognized (2020: Nil). Interest cost on the plan amounted to ₦25 million in the current year (2020: ₦30 million).

(b) Movement in the present value of the long service award during year is as follows:

	2021	2020
	₦'000	₦'000
Long service award at 1 July	1,046,126	754,378
Interest cost	106,468	102,854
Current service cost	131,751	89,295
Benefit paid by the plan	(69,391)	(118,534)
Actuarial losses/(gains):		
Remeasurements arising from changes in assumption	(151,578)	214,074
Remeasurements arising from experience adjustment	(37,404)	4,059
Long service award at 30 June	1,025,972	1,046,126

Expense recognized in the income statement for long service award:

	2021	2020
	₦'000	₦'000
Current service costs	131,751	89,295
Actuarial (gains)/losses:		
Remeasurements arising from changes in assumption	(151,578)	214,074
Remeasurements arising from experience adjustment	(37,404)	4,059
Net expense excluding interest on obligation	(57,231)	307,428
Interest expense on obligation	106,468	102,854
	49,237	410,282

(c) Total expense recognized on the income statement for defined benefit obligation and long service award includes:

	2021	2020
	₦'000	₦'000
Current service costs	131,751	89,295
Actuarial losses/(gains)		
Remeasurements arising from changes in assumption	(151,578)	214,074
Remeasurements arising from experience adjustment	(37,404)	4,059
	(57,231)	307,428
Interest expense on obligations:		
Defined benefit obligation (gratuity) (Note 25(a))	25,089	30,264
Long service award (Note 25(b))	106,468	102,854
	131,557	133,118
	74,326	440,546

(d) Movement in the defined contribution gratuity plan during year is as follows:

	2021	2020
	₦'000	₦'000
At 1 July	-	-
Charge for the year	512,839	450,584
Payments during the year	(512,839)	(450,584)
At 30 June	-	-

Employee benefits (continued)

(e) Pension payable

The balance on the pension payable account represents the amount due to the Pension Fund Administrators which was yet to be remitted as at the year end. The movement in this account during the year is as follows:

	2021	2020
	₦'000	₦'000
At 1 July	2,568	276
Charge for the year (employer contribution)	498,284	483,597
Payments during the year (employer contribution)	(498,232)	(481,305)
At 30 June	2,620	2,568

Pension payable is recognized as part of trade and other payables.

(f) Actuarial gains and losses recognized in other comprehensive income:

	2021	2020
	₦'000	₦'000
Losses recognized during the year		
Remeasurements arising from changes in assumption	(41,865)	64,096
Remeasurements arising from experience adjustment	51,726	98,936
Tax credit	(2,958)	(48,910)
	6,903	114,122

(g) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2020
Long term average discount rate (per annum)	13.2%	10.5%
Notional interest rate on accrued gratuity (per annum)	5.0%	5.0%
Average pay increase (per annum)	13.0%	13.0%
Average rate of inflation (per annum)	12.0%	11.0%
Average length of service for current employees (years)	8.79	7.88

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the United Kingdom (UK) as follows:

	2021	2020
Mortality in service	Number of deaths in year out of 10,000 lives	
Sample age		
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from service		
Age band	Rate	Rate
1 - 30	12.0%	12.0%
31 - 39	8.5%	8.5%
40 - 44	5.0%	5.0%
45 - 50	3.5%	3.5%
51 - 55	2.5%	2.5%

The estimated weighted average liability duration were 6.30 years (2020: 6.93 years) and 4,86 years (2020: 5.21 years) for the long service award and gratuity obligations respectively.

Employee benefits (continued)

(h) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below.

		2021	2021	2021	2020	2020	2020
		Gratuity	Long service awards	Net periodic benefit cost	Gratuity	Long service awards	Net periodic benefit cost
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Discount rate	+1%	(10,797)	(50,798)	(2,826)	(15,147)	(60,596)	(3,728)
	-1%	7,589	55,021	2,958	12,390	66,275	3,920
Inflation rate	+1%	-	8,797	2,583	-	10,149	2,870
	-1%	-	(8,681)	(2,361)	-	(9,871)	(2,601)
Salary increase	+1%	-	50,378	13,700	-	58,781	15,382
	-1%	-	(47,321)	(12,621)	-	(54,788)	(14,050)
Mortality Experience	Age rated up by 1 year	(1,745)	(2,553)	(562)	(1,796)	(2,854)	(610)
	Age rated down by 1 year	(2,079)	1,723	501	(2,031)	1,988	544

Sensitivity to each actuarial assumption was determined while other assumptions were held constant. There has not been a change from the sensitivity approach adopted in prior years. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Risk exposure

Through its defined benefit obligation plans and long service awards, the Company is exposed to a number of risks, the most significant of which are detailed below:

i) Liquidity risk — The plan liabilities are not funded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

ii) Inflation risk — This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long term asset values and a rise in liability values.

iii) Life expectancy — The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

iv) Asset volatility — The plan liabilities are calculated using a discount rate set with reference to federal government bond yields.

Maturity profile for defined benefit obligation plans and long service awards

The expected maturity analysis of employee benefits is as follows:

	Less than 1 year	Over 1 year	Total
	₦'000	₦'000	₦'000
30 June 2021			
Defined benefit obligation	16,442	222,116	238,558
Long service awards	148,759	877,213	1,025,972
Total	165,201	1,099,329	1,264,530
30 June 2020			
Defined benefit obligation	32,343	264,516	296,859
Long service awards	63,705	982,421	1,046,126
Total	96,048	1,246,937	1,342,985

26. Share based payments

(a) Diageo plc ("Diageo"), has a number of executive share option and executive share award plans for Directors and key management staff including directors and employees of Guinness Nigeria Plc. A recharge arrangement exists between Diageo plc and Guinness Nigeria Plc (parent grants rights over its equity instruments to the employees of its subsidiary) whereby vested shares awards/share options delivered to employees by Diageo plc are recharged to Guinness Nigeria Plc.

The recharge transaction is recognized as an intercompany liability with a corresponding adjustment in the share-based payment reserve for the capital contribution recognized in respect of the share-based payment. The recharge process accommodates adjustments to the cumulative value of share-based payment expense recharged by Diageo plc to the Company.

If the amount of the intercompany charge exceeds the capital contribution, the excess should be treated as a distribution from the subsidiary to its parent.

The Company recognize the recharge over the vesting period, on the basis that the recharge payment arises from the share-based payment arrangement in which employees are providing services.

(b) The Company has a share appreciation rights scheme for senior management and other staff under which employees are granted the right to receive, at the date the right is exercised, cash equal to the appreciation in the Company's share price since the grant date. All the rights vest 3 years after the grant date. The rights have a contractual life of 10 years.

Share based payments (continued)

(c) The employee benefit expense recognized in respect of equity settled share-based payments is as follows:

	2021	2020
	₦'000	₦'000
Equity-settled share based payment transactions		
Executive share award plans	137,701	36,215
Total expense recognized as employee costs	137,701	36,215

The principal executive share awards/options are as follows:

Diageo executive long term incentive plan (DELTIP)

Awards made to executives under the plan are in the form of shares and share options at the market value at the time of grant. Share awards vest/are released on the third anniversary of the grant date. Share options granted under this scheme may normally be exercised between three and ten years after the grant date. There are no performance conditions to be satisfied.

Performance share plan (PSP)

Under the PSP, share awards can take a number of different forms. No payment is made for awards. To date, participants have been granted conditional rights to receive shares. Awards normally vest after a three-year period, the 'performance cycle', subject to achievement of three equally weighted performance tests:

(i) a comparison of Diageo's three-year total shareholder return (TSR) with a peer group of 17 companies including Diageo plc. The vesting range is 25% if Diageo's TSR produces a median ranking compared with the TSR of the peer group companies, up to 100% if Diageo is ranked first, second or third in the peer group;

(ii) compound annual growth in organic net sales over three years; and

(iii) total organic operating margin improvement over three years.

Targets for net sales and operating margin are set annually by the remuneration committee. The vesting range is 25% for achieving minimum performance targets, up to 100% for achieving the maximum target level. Re-testing of the performance condition is not permitted. Dividends are accrued on awards and are given to participants to the extent that the awards actually vest at the end of the performance cycle. Dividends can be paid in the form of cash or shares.

The calculation of the fair value of each share option/award used the Monte Carlo pricing model and the following weighted average assumptions:

	2021	2020
Risk free interest rate		
Executive share options/awards	-0.11%	0.43%
Expected life		
Executive share options/awards	36 months	36 months
Dividend yield		
Executive share options/awards	2.77%	1.91%
Weighted average share price		
Executive share options/awards	2,804p	2,643p
Weighted average fair value of awards granted in the year		
Executive share options/awards	1,964p	1,719p
Number of awards granted in the year		
Executive share options/awards	26,192	19,505

Transactions on share-based payment

During the year, there were no transactions on share appreciation rights. Transactions on the executive share options/awards were as follows:

	Number of awards/options in units	
	2021	2020
Outstanding at 1 July	95,306	59,942
Adjustment on prior period	(699)	38,410
Granted	26,192	19,505
Exercised/awarded	(13,879)	(22,319)
Forfeited/expired/transferred	(6,619)	(232)
Outstanding at 30 June	100,301	95,306

Some of the employee shares/options are not included in the current opening balance disclosed.

Analysis below shows the terms and conditions for outstanding shares based payment as at 30 June 2021:

Category	Date awarded	Number of units	Vesting conditions	Vest date	Grant price (=N=)/unit
Diageo executive long term incentive plan (DELTIP)	3 Sep 2018	17,441	3 years	3 Sep 2021	15,470
Diageo executive long term incentive plan (DELTIP)	7 Mar 2019	125	3 years	7 Mar 2022	-
Diageo executive long term incentive plan (DELTIP)	2 Sep 2019	8,772	3 years	2 Sep 2022	19,846
Diageo executive long term incentive plan (DELTIP)	3 Sep 2020	16,940	3 years	3 Sep 2023	14,205
Diageo executive long term incentive plan (DELTIP)	9 Mar 2021	146	3 years	9 Mar 2024	-
Performance share plan (PSP)	3 Sep 2018	8,569	3 years	3 Sep 2021	-
Performance share plan (PSP)	2 Sep 2019	7,761	3 years	2 Sep 2022	-
Performance share plan (PSP)	3 Sep 2020	9,106	3 years	3 Sep 2023	-

At 30 June 2021, 31,441 (2020: 31,531) executive share options/awards were exercisable at a weighted average exercise price of 1,885 pence (2020: 1,821 pence).

27. Deferred tax liabilities

(a) Recognized net deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net (liabilities)/assets	
	2021	2020	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	(13,791,684)	(12,154,918)	(13,791,684)	(12,154,918)
Right-of-use assets	13,710	-	-	(35,708)	13,710	(35,708)
Employee benefits	412,269	429,046	-	-	412,269	429,046
Unrealized exchange difference	417,694	538,024	-	-	417,694	538,024
Inventories	574,591	777,902	-	-	574,591	777,902
Trade and other receivables	1,495,992	1,569,373	-	-	1,495,992	1,569,373
Interest expense on foreign transaction disallowed	-	363,654	-	-	-	363,654
	2,914,256	3,678,000	(13,791,684)	(12,190,625)	(10,877,427)	(8,512,625)

(b) Movement in deferred tax liabilities during the year

	Balance as at 1 July 2020	Recognized in income statement	Recognized in other comprehensive income	Balance as at 30 June 2021	Balance as at 1 July 2019	Recognized in income statement	Recognized in other comprehensive income	Balance as at 30 June 2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	(12,154,918)	(1,636,766)	-	(13,791,684)	(16,586,171)	4,431,253	-	(12,154,918)
Right-of-use assets	(35,708)	49,418	-	13,710	-	(35,708)	-	(35,708)
Employee benefits	429,046	(19,735)	2,958	412,269	310,575	69,561	48,910	429,046
Unrealized exchange losses	538,024	(120,330)	-	417,694	217,272	320,752	-	538,024
Inventories	777,902	(203,311)	-	574,591	1,312,134	(534,232)	-	777,902
Trade and other receivables	1,569,373	(73,381)	-	1,495,992	934,339	635,034	-	1,569,373
Interest expense on foreign transaction disallowed	363,654	(363,654)	-	-	-	363,654	-	363,654
Other items	-	-	-	-	11,289	(11,289)	-	-
	(8,512,625)	(2,367,759)	2,958	(10,877,427)	(13,800,562)	5,239,027	48,910	(8,512,625)

There are no unrecognized deferred tax assets and liabilities at the end of the current and preceding year.

28. Trade and other payables

(a) Trade and other payables comprise:

	2021	2020
	₦'000	₦'000
Financial liabilities:		
Trade payables	32,424,458	14,959,541
Other payables and accrued expenses	12,445,108	4,685,077
Amount due to related parties (Note 31(b(ii)))	15,393,734	10,321,192
Total financial liabilities	60,263,300	29,965,810
Non-financial liabilities:		
Refund liabilities	-	67,392
Other payables and accrued expenses	1,412,234	1,911,265
Total non-financial liabilities	1,412,234	1,978,657
Total trade and other payables	61,675,534	31,944,467

All items under Trade and other payables are measured at amortized cost. The carrying amount is a reasonable approximation of fair value

(b) Changes in trade and other payables in the statement of cash flows

	2021	2020
	₦'000	₦'000
Change in trade and other payables	29,731,068	23,359
Change in contract liabilities	(777,939)	1,060,419
Change in restricted cash	110,282	(100,190)
Realized and unrealized exchange difference on foreign currency payables	(1,158,548)	(434,063)
Value added tax paid during the year	7,559,012	3,097,209
Effect of accruals for property, plant and equipment (Note 15(f))	(2,022,327)	156,846
Equity settled share based payment (Note 26 (c))	(137,701)	(36,215)
Effect of provisions on customer deposit liability and other write-offs	(709,765)	(2,728,327)
	32,594,081	1,039,038

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29.

29. Financial risk management and financial instruments

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Risk Management Committee is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, and monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Finance and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Financial risk management and financial instruments (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, related parties and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	2021	2020
	₦'000	₦'000
Trade and other receivables (Note 19(a))	12,827,108	17,164,479
Cash and cash equivalents (Note 20(b))	35,868,834	5,271,224
	48,695,942	22,435,703

Trade and other receivables

Trade receivables

The Company applies the IFRS 9 simplified approach in measuring the expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. Trade receivables represent the amount of receivable from third-party customers for the sale of goods.

In determining the expected credit loss, the following parameters were used:

(a) Segmentation

For the purpose of ECL estimation, the trade receivables was segmented into two categories based on product type as they are deemed to have similar credit risk characteristics. The categories are Spirits and Beer.

(b) Exposure at default (EAD)

Exposure at default is the trade receivables balance as at the reporting date.

(c) Collection past due (CPD) days

The CPD days represents the weighted average number of days amounts due from a customer are settled. The CPD days reflect the number of days the Company is expected to be exposed to credit risk on the customer. The expected credit loss on a customer increases exponentially as the CPD days increases.

(d) Loss rates

The loss rate is used as a proxy for the loss experience of the Company. The loss rate is determined as a weighted average of losses experienced by the Company over several years, as the ratio of provisions made to the total trade debtor balances as at the beginning of a year (this was carried out for an historical period of six years). The loss rates derived for each historical period is then measured against the total trade receivable balance to derive the Weighted Average Loss Rate (WALR). The Company assessed the average time of payment on invoices by individual customers over the last five years. The Company has reviewed all its trade receivables at year-end and those which were due or questionable were impaired based on specific assessment. The Company has taken into consideration the current economic situation in its expected credit loss calculation, but it has no material effect compared to prior year as most of the receivables affected were written-off by specific assessment.

(e) Average Time to Realisation (ATTR)

The Company assessed the average number of days taken to receive payment on invoices from the trade receivables. This has been considered based on the categories and assessed over an historical period of five years.

(f) Economic scenarios

The Company considered 3 scenarios; Optimistic, Base and Pessimistic. Each scenario looked at various levels of recoverability in the market as a result of COVID, forecasted inflation & GDP and possibility of price increase. Probability of the Optimistic happening is based on how quick the economy picks up and recovers as a result of COVID-19. The recovery still remains unclear as infection rates and deaths continue to rise. We assumed GDP rate of about (-5%) and inflation at about 13%.

The maximum exposure to credit risk for trade receivables and related impairment loss at the reporting date was:

	2021	2020
	₦'000	₦'000
Gross carrying amount	13,645,718	7,224,184
Impairment loss	(4,540,287)	(4,717,760)
Net carrying amount	9,105,431	2,506,424

Financial risk management and financial instruments (continued)

Due from related parties

Due from related parties represents the amount of receivable from related party customers for the sale of goods, promotional support and other services. The expected credit loss rate for this receivable is determined using the simplified approach.

The simplified approach is based on an aging analysis conducted to determine the aging brackets of the outstanding balance as at the snapshot date. The receivables are then discounted using the expected time to payment experienced over the historical period.

Reconciliation of impairment loss on financial assets (trade and other receivables)

(i) Movements in impairment loss of trade receivables are as follows:

	2021	2020
	₦'000	₦'000
Opening loss allowance as at 1 July	4,717,759	2,580,731
Trade receivables written-off	(181,311)	-
Loss allowance recognized in profit or loss during the year	3,839	2,137,028
At 30 June	4,540,287	4,717,759

(ii) Movements in impairment loss of other receivables that are as follows:

	2021	2020
	₦'000	₦'000
Opening loss allowance as at 1 July	186,532	235,685
Write back of impairment	(186,532)	(235,685)
Loss allowance recognized in profit or loss during the year	134,689	186,532
At 30 June	134,689	186,532

(iii) Movements in impairment loss of trade and other receivables that are as follows:

	2021	2020
	₦'000	₦'000
Opening loss allowance as at 1 July	4,904,291	2,816,416
Trade receivables written-off	(181,311)	-
Write back of impairment	(186,532)	(235,685)
Net increase in loss allowance recognized in profit or loss during the year	138,528	2,323,560
At 30 June	4,674,976	4,904,291

Trade and other receivables analysis

(i) **Specific impairment assessment:** The Company identifies customers for specific impairment based on available information that suggests a heightened risk of default on the Company's exposure to the customer. For such identified customers, the Company performs as assessment of the difference between the outstanding balance and present value of expected recoveries from the customer on the outstanding balances.

(ii) **Collective impairment assessment:** Where there is no specific evidence to suggest an heightened risk of default on the outstanding balance, the Company assesses the expected credit losses by assessing the trade receivables for expected lifetime credit losses.

The table below shows an analysis of balances that have been subjected to both the specific and collective assessment.

	As at 30 June 2021			As at 30 June 2020		
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
	Exposure	Impairment Allowance	Net exposure	Exposure	Impairment Allowance	Net exposure
Trade receivables:						
Specific assessment	4,943,890	(4,522,760)	421,130	4,274,465	(4,124,597)	149,868
Collective assessment	8,701,828	(17,527)	8,684,301	2,949,719	(593,163)	2,356,556
Total trade receivables	13,645,718	(4,540,287)	9,105,431	7,224,184	(4,717,760)	2,506,424
Other receivables:						
Specific assessment	564,293	(134,689)	429,604	259,375	(186,532)	72,843
Total other receivables	564,293	(134,689)	429,604	259,375	(186,532)	72,843
Intercompany receivables						
Specific assessment	3,292,073	-	3,292,073	14,585,212	-	14,585,212
Total trade and other receivables	17,502,084	(4,674,976)	12,827,108	22,068,771	(4,904,292)	17,164,479

Financial risk management and financial instruments (continued)

The trade receivables analysis for specific assessment by expected recovery as at 30 June 2021 and 30 June 2020 is shown below:

	2021			2020		
	Outstanding Balance	Expected Recovery	Impairment Allowance	Outstanding Balance	Expected Recovery	Impairment Allowance
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
No expected recovery	3,821,539	-	3,821,539	3,716,363	-	3,716,363
Less than 5% expected recovery	267,341	(5,321)	262,020	166,794	(641)	166,153
6% - 25% expected recovery	8,170	(870)	7,300	107,267	(8,102)	99,165
26% - 50% expected recovery	161,595	(67,480)	94,115	269,993	(129,431)	140,562
51% - 99% expected recovery	685,245	(347,459)	337,786	14,048	(11,694)	2,354
100% expected recovery	-	-	-	-	-	-
	4,943,890	(421,130)	4,522,760	4,274,465	(149,868)	4,124,597

The table below shows an analysis of balances that have been subjected to collective assessment.

As at 30 June 2021

CPD days	0 - 30	31 - 60	61 - 90	91 - 180	181 - 360	Over 360	Total
Gross trade receivables (₦'000)	8,510,884	22,460	17,567	78,323	72,594	-	8,701,828

Loss rate renage:	0.00 - 1.30	0.00 - 1.30	0.00 - 1.30	0.00 - 1.30	0.00 - 1.30	0.00 - 1.30	Total
Impairment loss (₦'000)	16,556	270	2	-	699	-	17,527

The table below shows an analysis of balances that have been subjected to collective assessment.

As at 30 June 2020

CPD days	0 - 30	31 - 60	61 - 90	91 - 180	181 - 360	Over 360	Total
Gross trade receivables (₦'000)	2,218,045	159,325	-	202,108	3,871	366,370	2,949,719

Loss rate range:							
Spirits (%)	0.04 - 2.06	2.62 - 2.66	-	-	-	-	Total
Beer (%)	0.00 - 0.61	1.03 - 1.13	-	100	100.00	100	
Impairment loss (₦'000)	18,091	2,722	-	202,108	3,871	366,371	593,163

The reconciliation of the gross carrying amount for trade receivables is as follows:

	2021	2020
	₦'000	₦'000
Gross carrying amount as at 1 July	7,224,184	23,132,412
Additions during the year	613,030,967	501,634,563
Receipts for the year	(606,609,433)	(517,542,791)
Gross carrying amount as at 30 June	13,645,718	7,224,184

Sensitivity analysis

This table shows the sensitivity of the expected credit loss (ECL) to changes in loss rates.

	2021	2020
	₦'000	₦'000
Increase/(decrease) in loss rates		
1%	87,018	29,497
(1%)	(87,018)	(29,497)

Financial risk management and financial instruments (continued)

Cash and cash equivalents

The Company held cash and cash equivalents of ₦35.869 million as at 30 June 2021 (2020: ₦5,274 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with reputable financial institutions in Nigeria, and these balances are subject to impairment. However the identified impairment loss is immaterial as a result of the credit ratings of the banks where funds are held.

Restricted cash

The Company's unclaimed dividend as of 30 June 2021 of ₦2,982 million (2020: ₦3,092 million) held in short-term deposit with a reputable financial institution in Nigeria. This represents the Company's maximum credit exposure on this asset.

Credit quality of cash and cash equivalents and restricted cash	2021	2020
Credit ratings	₦'000	₦'000
AAA	229,504	52,600
A+	19,282,124	6,348,087
B	2,659,543	922,053
B-	2,413,708	933,232
BBB	14,265,836	107,415
Cash and cash equivalents	38,850,715	8,363,387

Bank overdraft has been excluded from this rating.

Credit rating keys

A - A financial institution of good financial condition and strong capacity to meet its obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in risk attributable to an exposure to this financial institution. However, financial condition and ability to meets its obligations as and when they fall due should remain largely unchanged.

AAA - A financial institution with the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

B - A financial institution where a material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

BBB - A financial institution of satisfactory financial condition and adequate financial capacity to meet its obligations as and when they fall due. It may have one major weakness which, if addressed, should not impair its ability to meets obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in risk attributable to an exposure to this financial institution.

A **+ (plus) or – (minus)** may be added to a rating. A plus added to a rating indicates that the rating may be raised. A minus means that the rating may be lowered. When no plus or minus is added to the rating, this means that the rating is unlikely to change. A positive or negative added to a rating is therefore a reflection of the rating outlook.

The credit ratings were sourced from Fitch Ratings Inc, Global Credit Rating Company Limited and Augusto & Co. Limited.

All other financial assets are not rated.

Financial risk management and financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 Company's reputation.

The credit terms with customers and payment terms to its vendors are favourable to the Company in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company had no drawn down overdraft facilities with its banks as at 30 June 2021 (2020: ₦310 million). The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Carrying amount	Total contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Non-derivative financial liabilities						
30 June 2021						
Lease liabilities	477,700	477,700	-	293,391	34,055	150,254
Dividend payable	3,122,693	3,122,693	3,122,693	-	-	-
Trade and other payables	60,263,300	60,263,300	60,263,300	-	-	-
Loans and borrowings	15,993,143	16,535,506	7,049,873	9,485,633	-	-
	79,856,836	80,399,199	70,435,866	9,779,024	34,055	150,254
Non-derivative financial assets						
Cash and cash equivalents	35,868,834	35,868,834	35,868,834	-	-	-
Trade and other receivables	12,827,108	12,827,108	12,827,108	-	-	-
Restricted cash	2,981,881	2,981,881	2,981,881	-	-	-
	51,677,823	51,677,823	51,677,823	-	-	-
Liquidity gap	28,179,013	28,721,376	18,758,043	9,779,024	34,055	150,254
30 June 2020						
Non-derivative financial liabilities						
Lease liabilities	824,187	824,187	-	170,331	25,373	628,483
Dividend payable	3,134,594	3,134,594	3,134,594	-	-	-
Trade and other payables	29,965,810	29,965,810	29,965,810	-	-	-
Bank overdraft	309,511	309,511	309,511	-	-	-
Loans and borrowings	22,800,993	23,312,127	12,330,811	10,981,316	-	-
	57,035,095	57,546,229	45,740,726	11,151,647	25,373	628,483
Non-derivative financial assets						
Cash and cash equivalents	5,271,224	5,271,224	5,271,224	-	-	-
Trade and other receivables	17,164,479	17,164,479	17,164,479	-	-	-
Restricted cash	3,092,163	3,092,163	3,092,163	-	-	-
	25,527,866	25,527,866	25,527,866	-	-	-
Liquidity gap	31,507,229	32,018,363	20,212,860	11,151,647	25,373	628,483

Financial risk management and financial instruments (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Company manages market risks by keeping costs low through different cost optimization initiatives and productivity agenda. Furthermore market developments are monitored constantly through scenario planning and events assessed regularly with view to taking mitigating actions where necessary.

(i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the Naira. The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. Although the Company employs various measures including matching sales and purchase currencies to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on earnings. The Company monitors the movement in the currency rates on an ongoing basis. The Company's exposure to foreign currency risk in notional terms is as follows:

	30 June 2021			30 June 2020		
	GBP (£)	Euro (€)	US$	GBP (£)	Euro (€)	US$
	000	000	000	000	000	000
Financial assets						
Cash and cash equivalents	1,531	18	2,455	1,204	141	4,318
Trade and other receivables	-	-	2,998	318	-	2,487
	1,531	18	5,453	1,522	141	6,805
Financial liabilities						
Trade and other payables	(7,615)	(5,389)	(23,522)	(7,782)	(2,759)	(16,140)
Related party loan	-	-	(22,478)	-	-	(22,478)
	(7,615)	(5,389)	(46,000)	(7,782)	(2,759)	(38,618)
Net exposure	(6,084)	(5,371)	(40,547)	(6,260)	(2,618)	(31,813)

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
	₦	₦	₦	₦
GBP (£) 1	535.37	463.05	569.81	475.18
Euro (€) 1	473.78	406.18	487.02	435.94
US ($) 1	396.57	367.50	409.94	386.33

Sensitivity analysis on foreign currency rates

A ten percent (10%) strengthening of the Naira, against the Euro, Dollar and GBP at 30 June would have increased/(decreased) equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	(Decrease)/increase in equity
	₦'000
30 June 2021	
GBP (£)	216,969
Euro (€)	131,216
US ($)	420,671
30 June 2020	
GBP (£)	354,638
Euro (€)	120,264
US ($)	527,431

A ten percent (10%) weakening of the Naira against the above currencies would have had the equal but opposite effect on the above currencies to the magnitude of the amounts shown above, on the basis that all other variables remain constant.

Financial risk management and financial instruments (continued)

(ii) Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2021	2020
	₦'000	₦'000
Fixed rate instruments		
Short-term bank deposits	8,010,967	3,121,097
Bank overdrafts	-	(309,511)
	8,010,967	2,811,586
Variable rate instruments		
Related party loans	(9,214,452)	(8,725,750)

The Company does not account for any fixed rate financial assets and liabilities at fair value through income statement. Therefore a change in interest rates at the end of the reporting period would not affect income statement.

Sensitivity

The Company is exposed to cash flow interest rate risk on loans and borrowings. The table below shows the impact on the post-tax profit of the Company. There is no impact on equity.

	Impact on post-tax profit	
	2021	2020
	₦'000	₦'000
Interest rates – increase by 100 basis points	921,445	872,575
Interest rates – decrease by 100 basis points	(921,445)	(872,575)

(d) Capital management

The Board of Directors policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company considers total equity in the statement of financial position to be its capital.

The Company's management is committed to enhancing shareholder value in the long term by investing in the businesses and brands to improve the return on investment. In addition, the Company continuously manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels.

The Company regularly assesses its debts and equity capital levels against its stated policy for capital structure. The Company's management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

The Company's return on capital as at the end of the reporting period is as follows:

	2021	2020
	₦'000	₦'000
Result from operating activities	9,871,498	(12,832,256)
Total shareholders' equity	74,286,575	73,038,140
Return on capital	13%	(18%)

Furthermore, the Company's adjusted net debt to equity ratio at the end of the reporting period is as follows:

	2021	2020
	₦'000	₦'000
Total liabilities	95,119,950	71,107,441
Cash and cash equivalents	(35,868,834)	(5,271,224)
Adjusted net debt	59,251,116	65,836,217
Total equity	74,286,575	73,038,139
Adjusted net debt to equity ratio:	0.80	0.90

There was no change in the Company's approach to capital management during the current and preceding year.

30. Contingencies

(a) *Contingent assets*

As at 30 June 2021, the Company has a contingent asset arising from Export Expansion Grant (EEG) of N5.62 billion due from the Nigerian Export Promotion Council (NEPC). Of this amount N5,33 billion was recognized but fully provided for as at 30 June 2020. EEG is an incentive from the Federal Government of Nigeria to stimulate local production activities for export. The Company has met the eligibility criteria for the amount of EEG and has submitted its claim in this regard to the NEPC.

EEG receivable has not been recognised in the financial statements effective 30 June 2021 because of the historical trend of issuance of Export Credit Certificate (ECC) for its settlement by the NEPC. The issuance of ECC, its eventual receipt and subsequent utilization is entirely within the control of NEPC and the timing of occurrence of these events is not certain.

Prior to this financial year, EEG receivable was recognised in the statement of financial position but with associated 100% provision thereby having a Nil impact on the net asset of the company.

Contingencies (continued)

(b) *Guarantee and contingent liabilities*

Contingent liabilities at the reporting date arising in the ordinary course of business out of guarantees relating to customs bond amounted to ₦2,900 million (2020: ₦2,900 million). In the opinion of the Directors, no material loss is expected to arise from these guarantees.

(c) *Pending litigations and claims*

The Company is subject to various claims and other liabilities arising in the normal course of business. The contingent liabilities in respect of pending litigation and other liabilities amounted to ₦950 million as at 30 June 2021 (2020: ₦953 million). In the opinion of the Directors and based on legal advice, no material loss is expected to arise from these claims.

(d) *Financial commitments*

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

31. Related parties transactions and balances

(a) **Parent and ultimate controlling entity**

Related parties include the parent and ultimate controlling Company, Diageo plc and other Diageo group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are considered as related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

As at 30 June 2021, Guinness Overseas Limited and Atalantaf Limited owned 50.18% (2020: 50.18%) and 7.84% (2020: 7.84%) respectively of the issued share capital of the Company. The remaining 41.98% (2020: 41,98%) is held by a diverse group of Nigerian individuals and institutional shareholders

(b) **Transactions with related parties**

The Company has transactions with its parent and other related parties who are related by virtue of being members of the Diageo group. The total amounts due to related parties by nature of the transactions are shown below:

(i) **Trademark and technology licences**

Diageo plc, through some of its members, has given Guinness Nigeria Plc exclusive rights to the know-how, manufacturing, distribution and marketing of its international brands in Nigeria namely, Guinness Foreign Extra Stout, Guinness Smooth, Guinness Gold, Malta Guinness, Satzenbrau Lager, Harp Lager, Smirnoff X1, Smirnoff Ice, Smirnoff Ice - Double Black & Guarana, Gordons Moringa, Baileys Delight, Snapp, Orijin variants (namely Orijin Bitters, Orijin Gin, Orijin Ready to Drink, and Orijin Zero non-alcoholic), MrDowells and Royal Challenge. In consideration of this, a royalty of 0.5% of net sales value and a technical service fee of 2% of net sales value are payable by Guinness Nigeria Plc to its related parties for Trademark and technology licences respectively. The royalty and technical service fees payable by Guinness Nigeria Plc under these agreements for the current financial year is ₦918 million (2020: ₦566 million).

All of the transactions are conducted in accordance with Diageo's Transfer Pricing methodologies which have been designed to be consistent with the arm's length principle, the governing international principle of related party transactions. Where Guinness Nigeria's undertakes activities under agreements with Diageo's brand owning entities, those brand owning entities may provide financial support on a year-by-year basis to the extent that the financial performance of Guinness Nigeria Plc in relation to those transactions falls below an arm's length range. Any contributions made to Guinness Nigeria Plc by Diageo's brand owning entities are intended to deliver an arm's length outcome.

(ii) Purchases, sales, promotional support, other services and dividend

	Transaction value		Balance due (to)/from	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Purchases, promotional support and other services				
Ultimate parent	-	(1,468)	-	-
Other related parties	(4,184,234)	(21,452,732)	(9,635,923)	(5,451,688)
Technical service fees and royalties				
Other related parties	(888,307)	(566,611)	(5,757,811)	(4,869,504)
Dividend payable				
Other related parties	-	(1,931,834)	-	-
	(5,072,541)	(23,952,645)	(15,393,734)	(10,321,192)
Sales and other services				
Ultimate parent	-	15,294	-	-
Other related parties	(11,293,139)	23,568,588	3,292,073	14,585,212
	(11,293,139)	23,583,882	3,292,073	14,585,212
Related party loan and finance costs	(488,702)	(430,465)	(9,214,452)	(8,725,750)

Related parties transactions and balances (continued)

(c) Transactions with key management personnel

Key management personnel compensation:

In addition to their salaries, the Company also provides non-cash benefits to executive directors and executive officers and contributes to post employment defined benefit and defined contribution plans on their behalf. In accordance with the terms of the plans, directors and executive officers retire at the age of 55 years at which time they become entitled to receive post-employment benefits.

Executive officers also participate in share-based payment plans (see Note 26) and the Company's long service awards benefit plan. Key management personnel compensation comprised:

	2021	2020
	₦'000	₦'000
Short-term employee benefits		
Salaries and wages - Executive Directors (Note 11(b))	465,959	474,845
Salaries and wages - Executive Officers	312,092	505,859
Share-based payments plan		
Diageo executive share options/awards	137,701	36,215
	915,752	1,016,919

32. Events after the reporting date

There are no significant subsequent events, which could have had a material effect on the financial statements of the Company as at 30 June 2021 that have not been adequately provided for or disclosed in the financial statements.

33. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Other Disclosures

Statement of Value Added
For the year ended 30 June 2021

	2021		2020	
	₦'000	%	₦'000	%
Revenue	160,416,257		104,376,015	
Bought-in materials and services				
- Local	(96,492,460)		(68,240,900)	
- Imported	(35,166,397)		(24,870,198)	
	28,757,400		11,264,917	
Other income	1,029,816		502,967	
Finance income	529,159		301,043	
Valued added	30,316,375	100%	12,068,927	100%
Distribution of Value Added:				
To Government:				
Tax expense/(credit)	4,514,172	15%	(4,494,823)	(37%)
To Employees:				
Salaries, wages and fringe benefits	11,338,154	38%	10,428,763	86%
To Providers of Finance:				
Finance costs	4,631,147	15%	4,542,428	38%
Retained in the Business:				
For replacement of property, plant and equipment	8,123,964	27%	10,343,189	86%
For replacement of right-of-use assets	358,133	1%	280,981	2%
For replacement of intangible assets	102,370	0%	331,947	3%
Declared dividend	-	0%	3,329,382	28%
To augment/(deplete) reserve	1,248,435	4%	(12,692,940)	(105%)
	30,316,375	100%	12,068,927	100%

Five-Year Financial Summary

Income statement

	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	160,416,257	104,376,015	131,498,373	142,975,792	125,919,817
Operating profit/(loss)	9,871,498	(12,832,256)	8,966,036	13,386,248	10,186,330
Profit/(loss) before taxation	5,769,510	(17,073,641)	7,103,630	9,943,164	2,662,081
Profit/(loss) for the year	1,255,338	(12,578,818)	5,483,732	6,717,605	1,923,720
Statement of comprehensive income					
Profit/(loss) after taxation	1,255,338	(12,578,818)	5,483,732	6,717,605	1,923,720
Other comprehensive income/(loss) net of tax	(6,903)	(114,122)	2,090	(32,584)	(35,333)
Comprehensive income/(loss) for the year	1,248,435	(12,692,940)	5,485,822	6,685,021	1,888,387
Per 50k share data (in kobo)					
Basic earnings per share	57	(574)	250	330	128
Declared dividend per share	-	152	184	64	50

Statement of financial position

	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Employment of funds					
Property, plant and equipment	94,236,887	88,919,044	100,801,064	97,602,019	87,324,546
Right-of-use assets	432,001	943,212	-	-	-
Intangible assets	2,092	309,112	641,059	1,000,214	1,364,420
Prepayments	-	1,675	6,482	42,688	120,813
Other receivables	-	-	-	0	1,614.00
Net current (liabilities)/assets	(8,223,340)	(6,625,438)	10,487,549	11,762,932	(6,492,839)
Loans and borrowings - non current	-	-	(8,104,582)	(8,116,367)	(24,889,439)
Lease liabilities	(184,309)	(653,855)	-	-	-
Employee benefits	(1,099,329)	(1,342,985)	(970,547)	(1,104,749)	(979,785)
Deferred tax liabilities	(10,877,427)	(8,512,625)	(13,800,562)	(13,598,563)	(13,506,315)
Net assets	74,286,575	73,038,140	89,060,463	87,588,174	42,943,015
Funds employed					
Share capital	1,095,191	1,095,191	1,095,191	1,095,191	752,944
Share premium	47,447,029	47,447,029	47,447,029	47,447,029	8,961,346
Retained earnings	25,744,355	24,495,920	40,518,242	39,045,954	33,228,725
Shareholders' funds	74,286,575	73,038,140	89,060,462	87,588,174	42,943,015
Net assets per share (kobo)	3,391	3,334	4,066	3,999	2,852

Shareholders' Information

Share Capital History

The share capital history of the Company is as shown below. The issued and paid-up share capital of the Company as at 30 June 2021 is:

	AUTHORIZED SHARE		ISSUED AND FULLY PAID		
DATE	**VALUE (N)**	**SHARES**	**VALUE (N)**	**SHARES**	**CONSIDERATION**
31/08/72	3,000,000	6,000,000	3,000,000	6,000,000	Conversion to Naira
14/12/72	5,000,000	10,000,000	5,000,000	10,000,000	Script Issue (2:3)
30/03/76	8,000,000	16,000,000	8,000,000	16,000,000	Script Issue (3:5)
5/11/76	10,000,000	20,000,000	10,000,000	20,000,000	Public Issue
11/3/77	15,000,000	30,000,000	15,000,000	30,000,000	Script Issue (1:2)
28/09/78	25,000,000	50,000,000	25,000,000	50,000,000	Script Issue (2:3)
21/02/80	37,500,000	75,000,000	37,500,000	75,000,000	Script Issue (1:2)
25/02/82	50,000,000	100,000,000	50,000,000	100,000,000	Script Issue (1:3)
15/03/84	75,000,000	150,000,000	75,000,000	150,000,000	Script Issue (1:2)
13/03/84	100,000,000	200,000,000	100,000,000	200,000,000	Script issue (1:3)
26/07/90	150,000,000	300,000,000	150,000,000	300,000,000	Script Issue (1:2)
18/07/90	200,000,000	400,000,000	180,000,000	360,000,000	Rights Issue(1:5)
29/09/95	350,000,000	700,000,000	270,000,000	540,000,000	Right Issue (1:2)
2/1/97	350,000,000	700,000,000	339,519,721	679,039,441	Conversion of ICLS to Shares
19/06/97	400,000,000	800,000,000	350,519,721	679,039,441	Scrip Dividend to Shares
16/07/97	400,000,000	800,000,000	350,733,576	701,467,151	Scrip Dividend to Shares
13/07/98	400,000,000	800,000,000	353,982,125	707,964,249	Increase in authorized
20/11/02	1,000,000,000	2,000,000,000	353,982,125	707,964,249	Share Capital
20/11/03	1,000,000,000	2,000,000,000	89,970,207	1,179,940,415	Bonus Issue (2:3)
16/11/06	1,000,000,000	2,000,000,000	737,462,759	1,474,925,519	Bonus Issue (1:4)
10/7/08	1,250,000,000	2,500,000,000	737,462,759	1,474,925,519	Increase in Authorized Share Capita
2/11/12	1,250,000,000	2,500,000,000	752,944,094	1,505,888,188	Scrip Dividend to Shares
9/22/17	1,250,000,000	2,500,000,000	1,095,191,410	2,190,382,819	Right Issue (5:11)

Substantial interest in shares

According to the register of members, the following persons held more than 5% of the issued share capital of the Company as at 30 June 2021

Shareholders	**Number of Shares**	**Percentage**
Guinness Overseas Limited	1,099,230,804	50.18%
Atalantaf Limited	171,712,564	7.84%
Stanbic IBTC Nominees Limited/C026 Main	119,250,813	5.44%
Mutima Opportunity Fund LP-Trading	112,502,111	5.14%

Statistical analysis of shareholding

a) The shares of the Company are held in the ratio of 41,98% by Nigerians and 58,02% by offshore investors.

b) The Company's issued shares of 2,190,382,819 as at year end are held by shareholders as follows:

Statistical analysis of shareholding as at 30 June 2021

Range	**Total Holders**	**%**	**Units**	**%**
1 - 1,000	31,273	44%	11,983,379	1%
1,001 - 5,000	27,894	39%	71,465,906	3%
5,001 - 10,000	6,300	9%	45,767,053	2%
10,001 - 50,000	4,296	6%	84,836,706	4%
50,001 - 100,000	493	1%	35,055,253	2%
100,001 - 500,000	444	1%	88,000,166	4%
500,001 - 1,000,000	61	0%	44,342,844	2%
1,000,001 - 1,000,000,000	43	0%	1,808,931,512	82%
Grand Total	**70,804**	**100%**	**2,190,382,819**	**100%**