Cadbury Nigeria Plc

Un-audited Interim Financial Information for the Nine Months Ended 30 September 2021

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Financial highlights
For the Nine Months Ended 30 September 2021
In thousands of naira

	Un-audited YTD 2021	Un-audited YTD 2020	Change %
Revenue	30,047,055	25,796,051	16
Cost of sales	(24,422,065)	(20,515,465)	(19)
Results from operating activities	1,828,676	1,135,097	61
Profit before tax	2,161,925	1,220,546	77
Profit for the period	1,513,348	854,382	77
Share capital	939,101	939,101	-
Total equity	14,724,794	13,508,360	9
Data per 50k share			
Basic earnings per share	80.57	45.49	77.13
Net asset per share	784	719	9

Statement of financial position
In thousands of naira

	Note	Un-audited 30 September 2021	Audited 31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	9	12,653,860	12,759,383
Right-of use assets	18b	17,772	15,122
Intangible assets		19,354	52,318
Total non-current assets		**12,690,986**	**12,826,823**
Current assets			
Inventories	11	8,625,823	5,244,046
Trade and other receivables	12	3,720,660	3,855,773
Prepayments	13	535,365	168,335
Cash and cash equivalents	14	16,705,111	11,115,707
Total current assets		**29,586,959**	**20,383,861**
Total assets		**42,277,945**	**33,210,684**
Equity			
Share capital	15	939,101	939,101
Share premium	15	272,344	272,344
Other reserves		3,436,348	3,436,348
Share based payment reserve		117,359	117,359
Retained earnings		9,959,642	8,784,371
Total Equity		**14,724,794**	**13,549,523**
Liabilities			
Non-current liabilities			
Borrowings	19	6,330,296	-
Deferred taxation		218,171	218,171
Employee benefits		636,974	4,961,429
Lease liabilities	18a	4,890	6,867
Total non-current liabilities		**7,190,331**	**5,186,467**
Current liabilities			
Borrowings	19	3,148,614	3,450,723
Trade and other payables	16	16,556,602	10,910,038
Current tax liabilities	8	650,737	112,938
Lease Liabilities	18a	6,867	995
Current liabilities		**20,362,820**	**14,474,694**
Total liabilities		**27,553,151**	**19,661,161**
Total equity and liabilities		**42,277,945**	**33,210,684**

Approved by the Board of Directors on 27 October 2021 and signed on its behalf by:

Oyeyimika Adeboye (Managing Director)
FRC/2013/ICAN/00000001089

Ogaga Ologe (Finance Director)
FRC/2013/ICAN/00000001091

The accompanying notes on pages 7 to 24 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
For the Nine Months Ended 30 September 2021
In thousands of naira

	Note	Un-audited 1 July-30 Sep 2021	Un-audited YTD 30 Sep 2021	Un-audited 1 July-30 Sep 2020	Un-audited YTD 30 Sep 2020
CONTINUING OPERATIONS					
Revenue	5	11,524,457	30,047,055	9,878,995	25,796,051
Cost of sales		(8,077,634)	(24,422,065)	(7,906,493)	(20,515,465)
Gross profit		**3,446,823**	**5,624,990**	**1,972,502**	**5,280,586**
Other income	6	9,391	21,937	6,024	89,793
Selling and distribution expenses		(1,112,754)	(3,381,828)	(1,268,048)	(3,299,304)
Administrative expenses		95,168	(436,423)	(290,079)	(935,978)
RESULTS FROM OPERATING ACTIVITIES		**2,438,628**	**1,828,676**	**420,399**	**1,135,097**
Net finance income	7	239,464	333,249	33,490	85,449
NET FINANCE INCOME		**239,464**	**333,249**	**33,490**	**85,449**
PROFIT BEFORE INCOME TAX		**2,678,092**	**2,161,925**	**453,889**	**1,220,546**
Income tax expense	8	(648,577)	(648,577)	(136,167)	(366,164)
PROFIT FOR THE PERIOD		**2,029,515**	**1,513,348**	**317,722**	**854,382**
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,029,515**	**1,513,348**	**317,722**	**854,382**
Basic earning per share (kobo)		108.06	80.57	17.00	45.49

The accompanying notes on pages 7 to 24 form an integral part of these financial statements.

Statement of changes in equity
Attributable to equity owners of the company
For the Nine Months Ended 30 September 2021
In thousands of naira

	Share capital	Share premium	Other reserve	Share based reserve	Retained earnings	Total equity
Balance at 1 January 2021	939,101	272,344	3,436,348	117,359	8,784,371	13,549,523
Comprehensive income for the period						
Profit for the period	-	-	-	-	1,513,348	1,513,348
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,513,348	1,513,348
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(338,077)	(338,077)
Total transactions with owners	-	-	-	-	(338,077)	(338,077)
Balance at 30 September 2021	**939,101**	**272,344**	**3,436,348**	**117,359**	**9,959,642**	**14,724,794**
Balance at 1 January 2020	**939,101**	**272,344**	**3,436,348**	**89,893**	**8,828,549**	**13,566,235**
Comprehensive income for the period						
Profit for the period	-	-	-	-	854,382	854,382
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	854,382	854,382
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(912,257)	(912,257)
Total transactions with owners	-	-	-	-	(912,257)	(912,257)
Balance at 30 September 2020	**939,101**	**272,344**	**3,436,348**	**89,893**	**8,770,674**	**13,508,360**

The accompanying notes on pages 7 to 24 form an integral part of these financial statements.

Statement of cashflows
For the Nine Months Ended 30 September 2021
In thousands of naira

	Un-audited 2021	Un-audited 2020
Cashflows from operating activities		
Profit before tax	2,161,925	1,220,546
Adjustments for:		
Depreciation & amortisation	1,044,608	1,207,156
Loss/ (gain) on disposal of property, plant and equipment	1,197	(50,620)
Finance income	(482,745)	(85,449)
Interest on lease liabilities	918	930
Interest on borrowings	149,496	
	2,875,399	**2,292,562**
Change in:		
Inventories	(3,381,777)	(790,941)
Trade and other receivables	123,780	(297,624)
Prepayments	(367,030)	(37,840)
Trade and other payables	6,855,350	5,971,229
Employee benefits	(4,324,455)	128,350
Cash generated from operating activities	**1,781,267**	**7,265,736**
Income tax paid	(99,446)	(283,360)
VAT paid	(1,208,786)	(734,124)
Net cash generated from operating activities	473,035	6,248,253
Cashflow used in investing activities		
Interest received	482,745	85,449
Proceeds from disposal of property, plant and equipment	5,020	54,554
Acquisition of property, plant and equipment	(900,728)	(300,831)
Right of use	(14,259)	-
		-
Net cash used in investing activities	**(427,222)**	**(160,828)**
Cashflow from/ (used in) financing activities		
Payment of short-term loan	(302,109)	-
Dividends paid	(338,077)	(912,257)
Lease liabilities assumed	2,977	(25,573)
Additional loan	6,180,800	-
Net cash from/ (used in) financing activities	**5,543,591**	**(937,830)**
Net increase in cash and cash equivalents	5,589,404	5,149,594
Cash and cash equivalent at 1 January	11,115,707	4,429,219
Cash and cash equivalent at 30 September	**16,705,111**	**9,578,813**

The accompanying notes on pages 7 to 24 form an integral part of these financial statements.

Notes to the financial information

1 Reporting entity

Cadbury Nigeria Plc is a company domiciled in Nigeria. The address of the Company's registered office is Lateef Jakande Road, Ikeja, Lagos. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but also for exports.

The Company's brands fall into three principal categories, namely: refreshment beverages, confectionary and intermediate cocoa products. Cadbury Bournvita and Cadbury 3-in-1 hot chocolate are the refreshment beverages, Tom Tom, Buttermint and Clorets gum are the Confectionery products while Cocoa Butter is a key product in the intermediate cocoa category.

Cadbury Nigeria Plc is owned 74.97% (2020: 74.97%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International and 25.03% (2020: 25.03%) by a highly diversified spread of Nigerian individual and institutional shareholders.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Company's Board of Directors on 27 October 2021.

(b) Basis of preparation

These financial statements have been prepared under the historical cost basis except for the following:

- Liabilities for equity-settled share-based payment arrangements – fair value
- Defined benefit obligations – present value of the obligation
- Inventory - lower of cost and net realizable value

The methods used to measure fair values are discussed further in note 4.

(c) 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 thousands, except when otherwise indicated.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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 accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years 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 at the reporting date are translated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(b) Financial instruments

i) Classification and measurement

Financial assets

It is the Company's policy to initially recognise 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 cashflow characteristics of the asset. On this basis, the Company classifies its financial instruments at amortised cost.

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 amortised 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 realise the asset's fair value.
The business model for the Company's 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, cash and cash equivalents and due from related parties. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables and amounts due to related parties.

ii) Impairment of 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 amortised cost 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 general approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis. Non-trade receivables from related parties have been assessed for impairment under this approach.
The simplified approach is applied for trade receivables from related parties and third party customers. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset, and any related loss allowance is written off either partially or in full.