BUA FOODS PLC
(formerly BUA Sugar Refinery Limited)
RC:621320

Annual report and financial statements
For the year ended 31 December 2021

Contents

Directors and professional advisers

BOARD OF DIRECTORS

Abdul Samad Rabiu CON: Chairman
Ayodele Musibau Abioye: Acting Managing Director
Abdulrasheed Adebayo Olayiwola: Executive Director and Chief Financial Officer
Isyaku Naziru Rabiu: Executive Director
Kabiru Isyaku Rabiu: Non-Executive Director
Chimaobi Kenneth Madukwe: Non-Executive Director
Rashid Ur Imran: Non-Executive Director
Finn Heyerdahl Arnoldsen: Non-Executive Director
Saratu Altine Umar: Independent Non-Executive Director

KEY MANAGEMENT TEAM

Ayodele Musibau Abioye - Acting Managing Director
Abdulrasheed Adebayo Olayiwola - Executive Director and Chief Financial Officer
Isyaku Naziru Rabiu - Executive Director
Gert Jacobus Kriek – Plant Director, Flour and Pasta Division
Godspower Sivwete – Plant Director, Sugar Division
Adewunmi Desalu – Director, Marketing and Corporate Communications
Labaran Saidu Audu – Plant Director, LASUCO
Abdullahi Aminu – General Manager, Rice Division

COMPANY SECRETARY

Oluseye Olufunmilayo Alayande
32, Churchgate Street,
Victoria Island,
Lagos, Nigeria.

REGISTERED OFFICE

22B Creek Road,
Apapa,
Lagos, Nigeria.

PLANT LOCATIONS

Sugar Refinery

Apapa
Terminal A,
Tin Can Island Port,
Tin Can Island Industrial Estate,
Apapa, Lagos

FZE
Bundu Free Trade Zone,
26 Nnamdi Azikiwe Road,
Port Harcourt,
Rivers State.

Oil Mills
No. 8 Akilo Street, off Oba Akran Avenue, Ikeja,
Lagos

Flour Mills Plants
BUA Foods Industrial Complex,
26 Nnamdi Azikiwe Road,
Port Harcourt,
Rivers State.

Terminal B
Nigerian Ports Authority Complex Off Industry Road,
Port Harcourt, Rivers State.

Pasta Factory Plant
BUA Foods Industrial Complex,
26 Nnamdi Azikiwe Road,
Port Harcourt,
Rivers State.

Terminal B
Nigerian Ports Authority Complex Off Industry Road,
Port Harcourt, Rivers State.

Rice Mill
Sharada Industrial Estate,
Phase II, Kano
Kumbotso Local Government Area, Kano State

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

PRINCIPAL BANKERS

Access Bank Plc
Coronation Merchant Bank
Ecobank Transnational Plc
FBNQuest Merchant Bank Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Guaranty Trust Bank Plc
Keystone Bank Limited
NOVA Merchant Bank Limited
Polaris Bank Plc
Rand Merchant Bank Nigeria Limited
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Standard Chartered Bank UK Limited
Union Bank of Nigeria Plc
United Bank for Africa Plc
Zenith Bank Plc

In compliance with the Companies & Allied Matters Act, 2020, the Directors of BUA Foods Plc (formerly BUA Sugar Refinery Limited) ("the Group") are pleased to present to members of the Group, the audited financial statements for the year ended 31 December 2021.

Legal form

BUA Foods Plc ("BUA Foods" or the "Company") was formed in November 2021 following a scheme of restructuring under Section 711 of CAMA involving BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, and BUA Oil Mills Limited, further to which BUA Sugar Refinery Limited (a private limited liability company, incorporated on 13 April 2005 and commenced business operations in September 2008) emerged as the surviving entity. As part of the restructuring, the name of the enlarged entity was changed to BUA Foods Plc with its operations reorganised into five business divisions: Sugar, Flour, Pasta, Rice and Edible Oils. In December 2021, the Company was converted into a public limited liability company. BUA Foods is affiliated with diverse group companies under the BUA brand that span the food and infrastructure sectors.

Furthermore, by share transfer forms each dated 11 October 2021, the shareholders of BUA Sugar Refinery FZE and LASUCO Sugar Company Limited ("Subsidiaries") transferred all their shares to BUA Sugar Refinery Limited (now BUA Foods Plc) thereby making them wholly owned subsidiaries of the BUA Foods Plc.

Current operations and principal activities

The principal activities of the Group are processing, manufacturing, production and distribution of food materials such as sugar, flour, pasta, rice, and edible oils as well as packaged foods. These activities are conducted primarily in Nigeria.

RESULTS FOR THE YEAR ENDED

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Revenue	333,272,234	192,860,037	230,517,695	177,683,946
Profit before tax	77,468,721	47,249,188	78,347,519	44,909,332
Income tax expense	(7,700,636)	(11,842,270)	(7,700,636)	(11,842,270)
Profit after tax	69,768,085	35,406,918	70,646,883	33,067,062

DIVIDEND DECLARATION

The Board of Directors ("the Board") recommends for the approval of shareholders a payment of N3.50k dividend per 1 ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31 December 2021 (2020: Nil).
If approved, dividends paid to shareholders will be subject to the deduction of withholding tax at the appropriate rate at the time of payment.

DIRECTORS

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

Abdul Samad Rabiu CON: Chairman
Ayodele Musibau Abioye: Acting Managing Director
Abdulrasheed Adebayo Olayiwola: Executive Director and Chief Financial Officer
Isyaku Naziru Rabiu: Executive Director
Kabiru Isyaku Rabiu: Non-Executive Director
Chimaobi Kenneth Madukwe: Non-Executive Director
Rashid Ur Imran: Non-Executive Director
Finn Heyerdahl Arnoldsen: Non-Executive Director
Saratu Altine Umar: Independent Non-Executive Director

DIRECTORS AND DIRECTORS' INTEREST

The direct and indirect interests of Directors in the issued share capital of the Company, as recorded in the Register of Directors' Shareholding and as notified by the Directors for complying with Section 301, of the Companies and Allied Matters Act, 2020.

Direct shareholders	Representing	No of shares held (Units)	Shareholding (%)
Alhaji Abdul Samad Rabiu, CON		16,172,851,967	89.849
Kabiru Rabiu		1,101,654	0.006

Indirect shareholders		No of shares held (Units)	Shareholding (%)
Alhaji Abdul Samad Rabiu, CON	BUA Group Limited	971,475	0.005
	BUA International Limited	583,372	0.003
	BUA Industries Limited	485,433	0.003

SHAREHOLDING STRUCTURE

Prior to the Restructuring, the Company had 20,000,000 (twenty million) ordinary shares at ₦1.00 each. The number of shares was increased 29,537,595 (twenty-nine million, five hundred and thirty seven thousand, five hundred and ninety five) by the creation of 9,537,595 (nine million, five hundred and thirty seven thousand five hundred and ninety five) ordinary shares at ₦1.00 each to effect the Restructuring. Furthermore, by a resolution dated 24 November 2021, the Company increased its authorised share capital to 18,000,000,000 ordinary shares by the creation of 17,940,924,810 ordinary shares of ₦0.50 each. Existing shares of 29,537,595 of N1.00 each were also converted based on the share split to 59,075,190 of N0.50 each.

At 31 December 2021, the analysis of shareholding in the Company was as follows:

	No of shares held (Units)	Shareholding (%)
Alhaji Abdul Samad Rabiu, CON	16,172,851,967	89.849
Alhaji Isiyaku Rabiu (Jnr)	1,792,096,099	9.956
BUA Group Limited	971,475	0.005
Kabiru Rabiu	1,101,654	0.006
BUA International Limited	583,372	0.003
BUA Industries Limited	485,433	0.003
CardinalStone Trustees Limited	31,910,000	0.177
	18,000,000,000	100

EMPLOYEE HEALTH, SAFETY AND WELFARE

The Group is fully committed to employees' well-being and would continue to seek better ways of guaranteeing their well-being. The Group provides subsidy to all employees for medical, transportation, housing etc.

The Group operates both Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. The Group subscribes to the contributory scheme established by the Pension Reform Act 2014, makes contributions to employees' Retirement Savings Accounts held with their respective Pension Fund Administrators.

EMPLOYMENT OF DISABLED PERSONS

The Group has an employment policy which does not discriminate against the disabled. There were no disabled persons in the Group's employment during the year (2020: Nil).

PROPERTY, PLANT AND EQUIPMENT (PPE)

Information relating to changes in property, plant and equipment is disclosed in Note 10 to the financial statements. In the opinion of the Directors, the market value of the Group's property, plant and equipment is not less than the value shown in the financial statements.

CHARITABLE DONATIONS

The Group made three charitable donations amounting to N14.1million during the year ended 31 December 2021 (31 December 2020: Nil); they made donations of food items to 15 communities in Edu Local Govt, Kwara State, donation of food items to the host communities in Port-Harcourt, Rivers state and the construction of a Volleyball Court for the NYSC Permanent Orientation Camp, Kwara State.

SUBSEQUENT EVENTS

On 5 January 2022, BUA Foods Plc. was listed by introduction on the main Board of the Nigerian Exchange Limited (NGX). A total of 18 billion ordinary shares of BUA Foods Plc. were listed at N40.00 per share under the consumer goods sector of NGX.

INDEPENDENT AUDITOR

PricewaterhouseCoopers has indicated willingness to continue in office in accordance with Section 401 of the Companies and Allied Matters Act 2020.

By order of the Board of Directors

Oluseye Olufunmilayo Alayande
Company Secretary
FRC/2014/NBA/00000007513i
7th April 2022

Statement of directors' responsibilities

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

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit. 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.

Abdul Samad Rabiu CON
Chairman
FRC/2014/IODN/00000010111

7th April 2022

Ayodele Musibau Abioye
Acting Managing Director
FRC/2022/PRO/FORMC07/003/00000023864

7th April 2022

Abdulrasheed Adebayo Olayiwola
Executive Director and the Chief Financial Officer

FRC/2014/ICAN/00000010407

7th April 2022

Statement of corporate responsibilities

Pursuant to Section 405 of the Companies and Allied Matters Act, 2020, we confirm that we have reviewed the audited financial statements of BUA Foods Plc (formerly BUA Sugar Refinery Limited) for the year ended December 31, 2021.

We acknowledge our responsibility for establishing and maintaining internal controls within BUA Foods Plc and have designed such internal controls to ensure that material information relating to the Group is made known to us by other officers of the Group, particularly during the period in which the audited financial statements were prepared.

We have evaluated the effectiveness of the Group's internal controls within 90 days prior to the date on our audited financial statements, and certify that the Group's internal controls are effective as of that date.

We also confirm that the Group's auditors and Board of Directors have been informed about the following:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Group's internal control.

During the year, there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

We hereby certify that based on our knowledge, the Financial Statements do not contain any untrue statement of material fact or material omission that may make the financial statements misleading and the financial statements fairly presents in all material respects the financial condition and results of operations of the Group for the year ended 31 December 2021.

Ayodele Musibau Abioye	Abdulrasheed Adebayo Olayiwola
Acting Managing Director	Executive Director and the Chief Financial Officer
FRC/2022/PRO/FORMC07/003/00000023864	FRC/2014/ICAN/00000010407
7th April 2022	7th April 2022

Independent auditor's report

To the Members of BUA Foods Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of BUA Foods Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2021, and of their consolidated and separate financial performance and their consolidated and separate 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

BUA Foods Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate 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 consolidated and separate 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 Group 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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
Accounting for business combination of entities under common control (Refer to notes 1, 2.1.2, 2.1.3 and 22.2 to the consolidated and separate financial statements) During the year, BUA Foods Plc (formerly BUA Sugar Refinery Limited) sought and obtained shareholders' and regulatory approvals to merge IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited and BUA Oil Mills Limited with BUA Sugar Refinery Limited (renamed to BUA Foods Plc) emerging as the surviving entity. The ultimate shareholders also transferred their ownership interests in BUA Sugar Refinery FZE and LASUCO Sugar Company Limited to BUA Foods Plc to become subsidiaries of the Company. The merged and transferred entities were ultimately controlled by the same party before and after the merger and control was not transitory. Consequently, this is a business combination of entities under common control. The Directors have applied the predecessor value method retrospectively. The results and net assets of the merged and transferred entities have been incorporated at their book values as if the entities had always been combined from the date of the earliest comparative information presented in the financial statements, resulting in reorganisation deficit of N943.2 million and reserves of N391.9 million in the consolidated and separate financial statements respectively. The transaction is considered a key audit matter due to its significance to the Group, and the complexity involved in accounting for business combination of entities under common control. This is considered a key audit matter in the consolidated and separate financial statements.	• We obtained the financial statements of all the entities in the group and reviewed the accounting policies to ensure consistency in accounting policies across all the entities. For areas of inconsistency noted, the accounting policy of the surviving entity (BUA Foods Plc) was adopted. • Gained an understanding of methodology applied by the directors in applying the predecessor accounting retrospectively in the business combination. • With the help of our accounting consulting experts, we reviewed the consolidation adjustments passed for the merger of the entities and the transfer of ownership of interest in the subsidiaries to BUA Foods Plc. • Evaluated appropriateness of the related disclosures in accordance with the applicable financial reporting framework.

Other information

The directors are responsible for the other information. The other information comprises the Directors and Professional Advisers, Report of the Directors, Statement of Directors' Responsibilities, Statement of Corporate Responsibilities, Statement of Value Added and Five-Year Financial Summary (but does not include the consolidated and separate 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 BUA Foods Plc 2021 Annual Report, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed 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 BUA Foods 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 consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

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

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

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

Report on other legal and regulatory requirements

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 and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Oladele Oladipo

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

8 April 2022

Engagement Partner: Oladele Oladipo
FRC/2013/ICAN/00000002951

Consolidated and separate statements of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Company 31 December 2021 N'000	Company 31 December 2020 N'000
Revenue from contracts with customers	5	333,272,234	192,860,037	230,517,695	177,683,946
Cost of sales	6a	(230,312,612)	(129,287,202)	(161,234,006)	(119,936,196)
Gross profit		102,959,622	63,572,835	69,283,689	57,747,750
Administrative expenses	6a	(14,626,871)	(10,422,193)	(12,477,991)	(7,883,479)
Net impairment writeback on financial assets	6c	143,283	383,728	143,283	383,729
Selling and distribution expenses	6a	(10,135,699)	(4,013,384)	(7,412,040)	(3,657,494)
Other income	7	1,554,540	1,543,010	30,552,756	1,542,693
Operating profit		79,894,875	51,063,996	80,089,697	48,133,199
Finance income	8	2,892,019	30,999	2,892,019	30,999
Finance cost	8	(5,047,646)	(3,599,925)	(4,363,670)	(3,008,984)
Finance costs - net		(2,155,627)	(3,568,926)	(1,471,651)	(2,977,985)
Minimum tax charge	9a	(270,527)	(245,882)	(270,527)	(245,882)
Profit before income tax		77,468,721	47,249,188	78,347,519	44,909,332
Income tax expense	9a	(7,700,636)	(11,842,270)	(7,700,636)	(11,842,270)
Profit after tax		69,768,085	35,406,918	70,646,883	33,067,062
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		69,768,085	35,406,918	70,646,883	33,067,062
Earnings per share Company					
Basic and diluted earnings per share (EPS) (Naira)	18.2	4.24	1.97	4.29	1.84

The accompanying notes on pages 19 to 57 are an integral part of the consolidated and separate financial statements.

Consolidated and separate statements of financial position
As at 31 December 2021

	Note	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Company 31 December 2021 N'000	Company 31 December 2020 N'000
Assets					
Non-current assets					
Property, plant and equipment	10	321,675,653	221,775,648	248,630,430	152,495,692
Right-of-use assets	11	1,036,460	2,047,365	32,008	38,460
Biological assets	12	543,901	555,959	-	-
Investment in subsidiaries	23	-	-	407,670	407,670
Total non-current assets		323,256,014	224,378,972	249,070,108	152,941,822
Current assets					
Inventories	13	24,926,471	20,394,007	15,249,639	14,409,800
Trade and other receivables	14	52,160,076	16,185,239	52,142,637	16,170,189
Cash and balances with banks	15	30,338,785	25,682,934	30,314,360	25,674,862
Due from related parties	21b	162,788,169	87,678,531	235,897,154	160,036,469
Total current assets		270,213,501	149,940,711	333,603,790	216,291,320
Total assets		593,469,515	374,319,683	582,673,898	369,233,142
Equity					
Share capital	18	9,000,000	29,538	9,000,000	29,538
Reorganisation and other reserves		(943,228)	(943,228)	391,961	391,961
Retained earnings		192,661,901	131,864,278	191,200,843	129,524,422
Total equity		200,718,673	130,950,588	200,592,804	129,945,921
Liabilities					
Non-current liabilities					
Deferred tax liabilities	9c	15,225,186	13,837,780	15,225,186	13,837,780
Borrowings	16	4,889,870	3,834,509	4,889,870	3,834,509
Lease liabilities	11b	33,611	2,801,924	33,611	33,649
Deposit for shares	21b	32,243,723	32,243,723	32,243,723	32,243,723
Total non-current liabilities		52,392,390	52,717,936	52,392,390	49,949,661
Current liabilities					
Contract liabilites	5b	40,931,459	25,286,669	40,931,459	25,286,669
Current income tax payable	9b	12,778,745	6,264,936	12,778,745	6,264,936
Lease liabilities	11b	4,292,441	876,004	4,165	39,980
Bank overdraft	15b	2,851,413	9,466,442	2,851,413	9,466,442
Borrowings	16	241,159,110	124,403,218	241,159,110	124,403,218
Trade and other payables	17	38,345,284	24,353,890	31,963,812	23,876,315
Total current liabilities		340,358,452	190,651,159	329,688,704	189,337,560
Total liabilities		392,750,842	243,369,095	382,081,094	239,287,221
Total equity and liabilities		593,469,515	374,319,683	582,673,898	369,233,142

The accompanying notes on pages 19 to 57 are an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 14 to 60 were approved and authorised for issue by the Board of Directors on April 2022 and were signed on its behalf by:

Abdul Samad Rabiu CON
Chairman
FRC/2014/IODN/00000010111

Ayodele Musibau Abioye
Acting Managing Director
FRC/2022/PRO/FORMC07/003/0000
0023864

Abdulrasheed Adebayo Olayiwola
Executive Director and the Chief
FRC/2014/ICAN/00000010408

Group	Share capital	Reorganisation and other reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000
Balance at 1 January 2021	29,538	(943,228)	131,864,278	130,950,588
Profit for the year	-	-	69,768,085	69,768,085
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	69,768,085	69,768,085
Transactions with owners:				
Bonus shares issued	8,954,507	-	(8,954,507)	-
Additional shares alloted during the year	15,955	-	(15,955)	-
	8,970,462	-	(8,970,462)	-
Balance at 31 December 2021	**9,000,000**	**(943,228)**	**192,661,901**	**200,718,673**
Balance at 1 January 2020	20,000	-	96,457,360	96,477,360
Effects of the group restructuring:				
Changes in share capital (Note 18)	9,538	(9,538)	-	-
Net liabilities transferred (Note 22)	-	(933,690)	-	(933,690)
	9,538	(943,228)	-	(933,690)
Profit for the year	-	-	35,406,918	35,406,918
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	35,406,918	35,406,918
Balance at 31 December 2020	**29,538**	**(943,228)**	**131,864,278**	**130,950,588**

The accompanying notes on pages 19 to 57 are an integral part of the consolidated and separate financial statements.

Company	**Share capital**	**Reorganisation and other reserves**	**Retained earnings**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Balance at 1 January 2021	29,538	391,961	129,524,422	129,945,921
Profit for the year	-	-	70,646,883	70,646,883
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	70,646,883	70,646,883
Transactions with owners:				
Bonus shares issued	8,954,507	-	(8,954,507)	-
Additional shares alloted during the year	15,955	-	(15,955)	-
	8,970,462	-	(8,970,462)	-
Balance at 31 December 2021	**9,000,000**	**391,961**	**191,200,843**	**200,592,804**
Balance at 1 January 2020	20,000	-	96,457,360	96,477,360
Effects of the group restructuring:				
Changes in share capital (Note 18)	9,538	(9,538)	-	-
Net liabilities transferred (Note 22)	-	(6,171)	-	(6,171)
Transfer of investment in subsidiaries	-	407,670	-	407,670
	9,538	391,961	-	401,499
Profit for the year	-	-	33,067,062	33,067,062
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	33,067,062	33,067,062
Balance at 31 December 2020	**29,538**	**391,961**	**129,524,422**	**129,945,921**

The accompanying notes on pages 19 to 57 are an integral part of the consolidated and separate financial statements.

	Note	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Company 31 December 2021 N'000	Company 31 December 2020 N'000
Cash flows from operating activities					
Cash generated from/(used in) operations	19	941,638	79,064,816	(2,902,888)	57,497,473
Tax paid	9b	(69,948)	(60,075)	(69,948)	(60,075)
Net cash generated from/(used in) operating activities		871,690	79,004,741	(2,972,836)	57,437,398
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(107,283,678)	(78,273,880)	(103,455,505)	(60,277,774)
Acquisition of right of use asset	11	-	(3,013,399)	-	(41)
Purchase of biological assets	12	-	(63,095)	-	-
Interest received	8	2,892,019	30,999	2,892,019	30,999
Net cash used in investing activities		(104,391,659)	(81,319,375)	(100,563,486)	(60,246,817)
Cash flows from financing activities					
Proceeds from borrowings	16b	269,733,940	102,732,001	269,733,940	102,732,001
Repayment of borrowings	16b	(153,138,049)	(78,930,433)	(153,138,049)	(78,438,177)
Interest paid on borrowings	16b	(1,765,432)	(6,381,966)	(1,765,432)	(6,381,966)
Repayment of lease liabilities	11b	(39,611)	(5,073)	(39,611)	(5,073)
Net cash generated from financing activities		114,790,849	17,414,529	114,790,848	17,906,785
Net increase in cash and cash equivalents		11,270,880	15,099,895	11,254,527	15,097,366
Cash and cash equivalents at the beginning of the year		16,216,492	1,116,597	16,208,420	1,111,054
Cash and cash equivalents at the end of the year	15b	**27,487,372**	**16,216,492**	**27,462,947**	**16,208,420**

The accompanying notes on pages 19 to 57 are an integral part of the consolidated and separate financial statements.

1 General information

BUA Foods Plc (formerly BUA Sugar Refinery Limited) is a company domiciled in Nigeria.

BUA Foods PLC (“BUA Foods” or the “Company”) was formed in November 2021 following a restructuring by way of a scheme under Section 711 of CAMA among BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, and BUA Foods Limited, further to which BUA Sugar Refinery (a private limited liability company, incorporated in Nigeria on 13 April 2005 and commenced business operations in September 2008) emerged as the surviving entity. As part of the Restructuring, the name of the enlarged entity was changed to BUA Foods with its operations reorganised into five business divisions: Sugar, Flour, Pasta, Rice and Edible Oils. On 3 December 2021, the Company was converted into a public limited liability company.

The address of its registered office is PC 32, Churchgate Street, Victoria Island Lagos. The principal activities of the Group are processing, manufacturing, production and distribution of food materials such as sugar, flour, pasta, rice, and edible oils as well as packaged foods. These activities are conducted primarily in Nigeria.

The majority shareholder of the Company Alhaji Abdulsamad Rabiu, CON who is also the Chairman of the Board of Directors ("the Chairman"), is the ultimate owner of the Company.

The audited consolidated financial statements of the Group for the year ended 31 December 2021 comprise the Company and its subsidiaries- BUA Sugar Refinery FZE and LASUCO Sugar Company Limited (“Subsidiaries”).

The separate financial statements of the company presented includes the numbers for BUA foods Plc as though the restructuring had taken place from the beginning of the earliest period presented, therefore comparative numbers have been represented.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and the International Financial Reporting Standards (IFRSs), including International Accounting Standards (IAS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRSIC.

These consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgment in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Group’s financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

The consolidated and separate financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousand (₦'000) except when otherwise indicated.

2.1.1 Going concern

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention. The Directors have no doubt that the Group will remain in existence twelve (12) months after the statements of financial position date.

2.1.2 Consolidation of subsidiaries

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the Group statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss.

2.1.3 Business combination under common control

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory), are referred to as common control transactions.

The Group has adopted the predecessor method of accounting for common control transactions. Common control transactions and business combinations are accounted for using book values from the financial statements of the transferee, and as a result, no goodwill is recognised. Any difference between the acquirer's cost of investment and the acquiree's equity is presented separately in reorganisation and other reserves in equity. The book values of the acquired entity are the book values as reflected in the annual financial statements of the selling entity. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities. Any expenses of the combination are written off immediately in the profit or loss.

Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented and adjustments are made to achieve uniform accounting policies consistent with the accounting policies of the surviving/acquiring entity.

2.1.4 Changes in accounting policies and disclosures

(a) ***New standards and interpretations adopted by the Group***

The Group has applied the following standards and amendments for the first time in the annual reporting period commencing 1 January 2021.

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform. The amendments also permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

In addition, IFRS 9 was amended to provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

(a) ***New standards and interpretations adopted by the Group (continued)***

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (continued)

The practical expedient is applied if:
•The change in contractual cash flow is a direct consequence of the IBOR reform; and
•The new basis for determining the contractual cash flows is economically equivalent to the previous basis.
The practical expedient enables the Group account for the change in the contractual cash flows resulting from the IBOR reform, by updating the effective interest rate i.e., the Group would recalculate the rate which exactly discounts the revised contractual cash flows to the present value of the existing loan at the date of modification. Therefore, there will be no gain or loss on modification recognised in the Group's profit or loss.

Publication of USD LIBOR settings are expected to cease after 30 June 2023.

Amendment to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

The effective date of the amendment is for years beginning on or after 1 January 2020.

Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the financial statements of the Group.

(b) **New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations, have been published that are not yet effective or mandatory for annual periods beginning on or after 1 January 2021 and have not been early adopted by the Group.

These standards are not expected to have a material impact on the financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

IFRS 9 Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

(b) New standards and interpretations not yet adopted (continued)
Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework- Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

Reference to the Conceptual Framework- Amendments to IFRS 3 (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use-Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts- Costs of Fulfilling a Contract-Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

(b) New standards and interpretations not yet adopted (continued)

IAS 41 Agriculture-Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not applicable to the Group.

Definition of Accounting Estimates- Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures. There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Segment information

An operating segment is a component of an entity
- that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- where operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- for which discrete information is available.

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 BUA Foods leadership team which comprises of the members of the Board of Directors and other executive officers.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated and separate financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in Naira which is the Group's functional and presentation currency.

2.3 Foreign currency translation (continued)
(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Group's functional currency are recognized in the foreign exchange gain in profit or loss.

2.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation less depreciation and impairment losses. Historical cost includes expenditure that are directly attributable to the acquisition of the items. However, Capital work-in-progress are not depreciated until they brought into use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Capital work in progress are not depreciated. Depreciation of assets commences when assets are available for use. Depreciation on other assets is calculated using the straight line method of calculation i.e. the cost of the assets less its residual value, if applicable, over the number of useful lives (in years), as follows:

	Useful life (Years)
Buildings	30-50
Plant and machinery	7-50
Furniture and fittings	5-8
Motor vehicles	8
Trucks	5
Office equipment	5
Capital work-in-progress	Nil

Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date. Residual values have been identified as 5% of the cost of plant and machinery and motor vehicles. However, the residual values for all other assets have been estimated to be zero.

In the case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as an expense in profit or

Gains and losses on disposal of property, plant and equipment are determined by the difference between the sales proceeds and the carrying amount of the asset. These gains and losses are included in profit or loss.

Interest costs on borrowings specifically used to finance the acquisition of property, plant and equipment are capitalized during the period of time required to prepare and substantially complete the asset for its intended use. Other borrowing costs are recorded in the profit or loss as expenses.

2.4 Biological assets

The Group recognizes biological assets when, and only when, the Group controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Group and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell in terms of IAS 41. The gain or loss arising on initial recognition of such biological assets at fair value less costs to sell and from a change in fair value less costs to sell of biological assets are included in Statement of Profit and Loss for the period in which it arises. The Group has elected to measure biological assets at fair value less cost to sell.

2.5 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

2.5 Impairment of non-financial assets (continued)

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial instruments

a Classification and measurement

(i) *Financial assets*

It is the Group'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 Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

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

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

Hold to collect and sell: Financial assets in this category are held to collect contractual cash flows and sell. The cash flows represent solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.

Hold to sell/residual: 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 financial assets of the Group 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 Group's financial assets include: trade and other receivables, due from related parties and cash and cash equivalents. 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.

(ii) *Financial liabilities*

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

b 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 (debt instruments) measured at amortised cost or at fair value through other comprehensive income (FVOCI). 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 while the general (three-stage) approach is applied to other receivables and amounts due from related parties.

b Impairment of financial assets (continued)

The simplified approach requires lifetime expected credit losses to be recognised on initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted for forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. 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.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the cash recovery ratio of the counterparties. The EAD is the total amount outstanding at the reporting period. These three components are multiplied together and adjusted for forward-looking information, such as the gross domestic product (GDP) in Nigeria and inflation, to arrive at an ECL which is then discounted to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

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.

c Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during a periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced a significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group'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 Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group 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.

d Derecognition

(i) *Financial assets*
The Group derecognises 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 recognised in profit or loss.

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

e 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 when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

2.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Cost of raw materials and other costs incurred in bringing each product to its present location and condition are accounted for, on a weighted average cost basis. The cost of finished goods includes all direct costs relating to the production of these items. Finished goods are valued at weighted average cost.

The cost of engineering spares and raw materials is determined using the weighted-average method.

Allowance is made for excessive, obsolete and slow-moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.8 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

2.9 Cash, cash equivalents and bank overdrafts

Cash and cash equivalents include cash at hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position.

2.10 Borrowings

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently measured at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.12 Current and deferred income tax

The income tax for the period comprises current, tertiary education and deferred taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or directly in equity, respectively.

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis. Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.13 Employee benefits

Pension scheme

Defined contribution scheme

The Group operates a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme is funded by 8% contribution from employees and 10% contribution from the employer of the employee's basic, housing and transport allowances.

2.14 Revenue recognition

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

- the contract is approved by the parties;
- rights and obligations are recognised;
- collectability is probable;
- the contract has commercial substance;
- the payment terms and consideration are identifiable.

2.14 Revenue recognition (continued)

The probability that a customer would make payment is ascertained based on the evaluation done on the customer at the inception of the contract. The Group is the principal in all of its revenue arrangements since it is the primary obligor in the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Sale of goods

Revenue is recognised when the control of the goods is transferred to the customer. This occurs when the goods are delivered to the customer or when goods are picked up by the customers. A contract liability is recognised for every advance payment made to the Group. Revenue is recognised when the goods are delivered to the customer.

Revenue is recognised based on the price specified in the contract, net of the estimated rebates and returns. Rebates are applied immediately on sale and are all utilized within a reporting period. Returns on goods are estimated at the inception of the contract except where a reasonable estimate cannot be made. In these instances, the returns are accounted for when they occur.

The delivery service provided by the Group is a sales fulfillment activity and the income earned is recognised at the point in time when the goods are delivered to the customer.

Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and when the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed.

2.15 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
– the contract involves the use of an identified asset – this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
– the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
– the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group primarily leases buildings (used as office space, houses and warehouses). The lease terms are typically for fixed periods ranging from 1 years to 2 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Leases in which the Group is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees

2.15 Lease liabilities (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group where possible, uses recent third party financing received by the individual lessee as a starting point adjusted to reflect changes in financing conditions since third party financing was received. The Group may also use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

Right-of-use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses, they are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

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

Rental income

Rental income from leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

2.2 Earnings per share

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

3 Financial risk management

3.1 Financial risk factors

The Group's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. The objective of the Group's risk management programme is to minimize potential adverse impacts on the Group's financial performance.

Risk management is carried out in line with policies approved by the Board of Directors ("the Board"). The Board provides written principles for overall risk management, as well as set the overall risk appetite for the Group. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is the responsibility of the Treasury Manager, who aims to effectively manage the financial risk of the Group according to the policies approved by the Board. The Treasury Manager identifies and monitors financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange, interest rates and credit risks, use of financial instruments and investment of excess liquidity.

The Group's financial instruments consist of trade and other receivables, due from related parties, cash and balances with banks, trade and other payables, due to related parties, bank overdraft and borrowings.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risks from some of its commercial transactions. The Group obtained a USD 150 million credit facility from Standard Chartered Bank, London and a group of international, local and regional institutions for 54 months from July 2015. Of this amount, the principal portion has been fully repaid at year end and only the interest portion is outstanding as at December 2021. The Company's foreign currency liabilities are analysed below:

	Group		Company	
Foreign currency denominated balances	**31 December 2021 N'000**	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Financial liabilities				
Borrowings	210,477	228,681	210,477	228,681

The table below shows the impact on the Group's profit and equity if the exchange rate between the US Dollar (USD) on the Nigerian Naira had increased or decreased by 10% and 15%, with all other variables held constant.

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Effect of 10% increase in USD exchange rate	21,048	22,868	21,048	22,868
Effect of 10% decrease in USD exchange rate	(21,048)	(22,868)	(21,048)	(22,868)
Effect of 15% decrease in USD exchange rate	31,571	34,302	31,571	34,302
Effect of 15% decrease in USD exchange rate	(31,571)	(34,302)	(31,571)	(34,302)

At 31 December 2021, if the currency had weakened or strengthened by 10% against the USD with all the variables held constant, pre-tax profit for the year would have been N21.05 million (2020: N22.87 million) lower or higher. If it had weakened or strengthened by 15%, N31.57 million (2020: N34.30 million) lower or higher mainly as a result of foreign exchange gains or losses on translation of USD denominated borrowings.

(ii) Price risk

The Group is not exposed to price risk as it does not hold any equity instrument.

3.1 Financial risk factors (continued)
(iii) Interest rate risk

The Group's interest rate risk arises from current and non-current borrowings. Borrowings are issued at floating rates. This exposes the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group's policy on managing interest rate risk is to negotiate favorable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits.

The table below shows the impact on the Group's net assets if interest rates on current and non-current term borrowings increased or decreased by 5%, with all other variables held constant, mainly as a result of higher or lower interest expense on borrowings.

	Group		Company	
Borrowings	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
	N'000	**N'000**	**N'000**	**N'000**
Effect 5% increase in interest rates	(73,919)	(8,114)	(73,919)	(8,114)
Effect 5% decrease in interest rates	73,919	8,114	73,919	8,114

At 31 December 2021, if the interest rates had increased or decreased by 5% currency with all the variables held constant, pre-tax profit for the year would have been N4.1 million (2020: N4.1 million) lower or higher.

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from cash and balances with banks as well as credit exposures to customers, including receivables from related parties.

The Group uses policies to ensure that sales of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The Group carries out its business mostly on a cash and carry basis. Individual customers make cash deposits before delivery of goods and corporate customers make payment within 3 months after goods are delivered. At the year end, the Group considered that there were minimal credit risks. All trade receivables are current.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

The maximum exposure to credit risk for trade receivables approximates the amount recognized on the statement of financial position. The Group does not hold any collateral as security.

The table below analyses the Group's financial assets into relevant maturity groupings as at the reporting date.

Group
At 31 December 2021

Financial assets:	**1-90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 14)	1,851,247	174,405	128,561	2,154,213
	1,851,247	**174,405**	**128,561**	**2,154,213**

At 31 December 2020

Financial assets:	**1-90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 14)	1,093,940	236,466	70,474	1,400,881
	1,093,940	**236,466**	**70,474**	**1,400,881**

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Company

At 31 December 2021

Financial assets:	**1-90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 14)	2,154,213	-	-	2,154,213
	2,154,213	**-**	**-**	**2,154,213**

At 31 December 2020

Financial assets:	**1-90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 14)	1,400,881	-	-	1,400,881
	1,400,881	**-**	**-**	**1,400,881**

Credit quality of cash and cash equivalents

An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

	Group		**Company**	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Credit rating	**N'000**	**N'000**	**N'000**	**N'000**
A+	4,993,242	10,393,060	4,993,242	10,391,932
A	1,012,498	-	1,012,498	-
AA	107,950	516,159	107,950	516,103
AA-	146,945	355,527	146,945	355,489
AAA	63,054	70,249	63,054	70,241
B-	342,593		342,593	
BBB	11,066,611	7,939,216	11,059,973	7,933,914
BBB+	5,060,630	2,829,179	5,060,630	2,828,875
BBB-	6,692,544	-	6,692,544	-
Not Rated (NR)	852,719	3,579,545	834,932	3,578,309
	30,338,785	**25,682,934**	**30,314,360**	**25,674,862**

Credit rating keys

A - High credit quality relative to other issuers or obligations in the same country. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

AA - Very high credit quality relative to other issuers or obligations in the same country. Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk although not significantly.

AAA: A financial institution of good condition and strong capacity to meet its obligations with expectations of very low default risk. It indicates very strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

BBB - Adequate protection factors relative to other issuers or obligations in the same country. However, there is considerable variability in risk during economic cycles.

NR- No rating available.

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. and Global Credit Rating Company Limited.

3.1 Financial risk factors (continued)
(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. The Group manages liquidity risk by effective working capital and cash flow management.

Maturity analysis

The table below analyses the Group's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

At 31 December 2021	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Total Undiscounted N'000
Financial liabilities:				
Bank overdraft (Note 15)	2,851,413	-	-	2,851,413
Trade and other payables (Note 17)	6,982,071	-	-	6,982,071
Borrowings (Note 16)	241,159,110	5,123,742	1,862,536	248,145,388
Lease liabilities (Note 11)	4,292,441	10,146	25,364	4,327,951
	255,285,035	**5,133,888**	**1,887,900**	**262,306,823**

At 31 December 2020	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Total Undiscounted N'000
Financial liabilities:				
Bank overdraft (Note 15)	9,466,442	-	-	9,466,442
Trade and other payables (Note 17)	8,142,003	-	-	8,142,003
Borrowings (Note 16)	124,403,218	8,435,664	-	132,838,882
Lease liabilities (Note 11)	876,004	10,146	2,793,639	3,679,788
	142,887,667	**8,445,810**	**2,793,639**	**154,127,115**

Company

At 31 December 2021	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Total Undiscounted N'000
Financial liabilities:				
Bank overdraft (Note 15)	2,851,413	-	-	2,851,413
Trade and other payables (Note 17)	6,641,080	-	-	6,641,080
Borrowings (Note 16)	241,159,110	5,123,742	1,862,536	248,145,388
Lease liabilities (Note 11)	4,165	10,146	25,364	39,675
	250,655,768	**5,133,888**	**1,887,900**	**257,677,556**

At 31 December 2020	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Total Undiscounted N'000
Financial liabilities:				
Bank overdraft (Note 15)	9,466,442	-	-	9,466,442
Trade and other payables (Note 17)	7,928,905	-	-	7,928,905
Borrowings (Note 16)	124,403,218	8,435,664	-	132,838,882
Lease liabilities (Note 11)	39,980	10,146	25,364	75,490
	141,838,545	**8,445,810**	**25,364**	**150,309,719**

**Value added tax (VAT), Withholding tax (WHT), prepayment, and other statutory related items are not included as part of financial instruments.

3.2 Fair value estimation

All the Group's financial assets and liabilities are measured at amortised cost. The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values.

3.3 Fair value hierarchy

This requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

3.4 Financial instruments by category

Group	At 31 December 2021		At 31 December 2020	
	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial liabilities at amortised cost
	N'000	N'000	N'000	N'000
Financial assets				
Trade and other receivables (Note 14)	52,160,076	-	16,185,239	-
Due from related parties (Note 21b(i))	210,902,676	-	137,498,182	-
Cash and balances with banks (Note 15)	30,338,785	-	25,682,934	-
Financial liabilities				
Bank overdraft (Note 15)	-	2,851,413	-	9,466,442
Trade and other payables (Note 17)	-	38,345,284	-	24,353,890
Lease liabilities (Note 11)	-	4,326,052	-	3,677,928
Borrowings (Note 16)	-	246,048,980	-	128,237,727
	293,401,537	291,571,729	179,366,355	165,735,987

Company	At 31 December 2021		At 31 December 2020	
	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial liabilities at amortised cost
	N'000	N'000	N'000	N'000
Financial assets				
Trade and other receivables (Note 14)	52,142,637	-	16,170,189	-
Due from related parties (Note 21b(i))	235,897,154	-	203,443,046	-
Cash and balances with banks (Note 15)	30,314,360	-	25,674,862	-
Financial liabilities				
Bank overdraft (Note 15)	-	2,851,413	-	9,466,442
Trade and other payables (Note 17)	-	31,963,812	-	23,876,315
Lease liabilities (Note 11)	-	37,776	-	73,629
Borrowings (Note 16)	-	246,048,980	-	128,237,727
	318,354,151	280,901,981	245,288,097	161,654,113

3.5 Capital risk management

The objective of managing capital is to safeguard the Group’s ability to continue as a going concern in order to maximize returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

Consistent with others in the industry, the Group monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (comprising bank overdraft, current and non-current borrowings as shown in the statement of financial position) less cash and balances with banks. Total capital is calculated as the sum of all equity components on the statement of financial position.

3.5 Capital risk management (continued)

The gearing ratios at 31 December 2021 and 2020 are as follows:

	Group 31 December 2021 N'000	Group 31 December 2020 N'000	Company 31 December 2021 N'000	Company 31 December 2020 N'000
Net debt (Note 16)	218,561,608	112,021,235	218,586,033	112,029,307
Total equity	200,718,673	130,950,588	200,592,804	129,945,921
Gearing ratio	**109%**	**86%**	**109%**	**86%**

4 Critical accounting estimates, judgments

4.1 Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires Directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on Directors experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgment and estimates made in the preparation of the consolidated and separate financial statements are shown below:

4.1.1 *Plant and machinery*

Plant and machinery is depreciated over its useful life. The Group estimates the useful lives of plant and machinery based on the period over which the assets are expected to be available for use. The estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

4.1.2 *Leases - Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

4.1.3 *Impairment of financial assets*

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 2.6.

The Company's financial assets that are subject to IFRS 9's expected credit loss model are as follows:
- Trade receivables
- Amount due from related parties and;
- Cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

4.1.3 *Impairment of financial assets (continued)*

i. *Trade receivables*

The Company applies the simplified approach in measuring the expected credit losses (ECL) which calculates a lifetime expected loss allowance (ECL) for all trade receivables. Trade receivables represent the amount receivable from customers for the sale of goods in the ordinary course of business. The expected credit loss for trade receivables is determined using a provision matrix approach.

The provision matrix approach is based on the historical credit loss experience observed based on the settlement pattern of customers over the expected life of the receivable and adjusted for forward-looking estimates of relevant macroeconomic variables. The macroeconomic variables considered include inflation rate and Brent oil price.

The expected loss rates as at 31 December 2021 are as follows:

Group and Company

Age of trade receivables	0 - 30 days N'000	31 - 90 days N'000	91 - 180 days N'000	181 - 365 days N'000	Over 365 days N'000	Total N'000
Gross carrying amount	1,626,667	224,726	131,694	42,710	128,561	2,154,359
Default rate	2.58%	52.52%	69.80%	79.14%	99%	
Lifetime ECL	41,938	118,022	91,920	33,801	127,801	413,482
Net trade receivables	1,584,729	106,704	39,774	8,910	760	1,740,877

The expected loss rates as at 31 December 2020 are as follows:

Age of trade receivables	0 - 30 days N'000	31 - 90 days N'000	91 - 180 days N'000	181 - 365 days N'000	Over 365 days N'000	Total N'000
Gross carrying amount	1,626,667	224,726	131,694	42,710	128,561	2,154,359
Default rate	2.58%	52.52%	69.80%	79.14%	99%	
Lifetime ECL	41,938	118,022	91,920	33,801	127,801	413,482
Net trade receivables	1,584,729	106,704	39,774	8,910	760	1,740,877

ii. *Amounts due from related parties*

Amounts due from related parties arises from expenses incurred on behalf of related parties. The general (3 stage) approach has been adopted for recognising expected credit loss on amounts due from related parties as they do not meet the criteria for applying the simplified approach.

A day one provision is now required on these instruments. The three-stage model will require monitoring of credit risk to determine when there has been a significant increase. The ECL has been calculated using the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The three (3) stage model also incorporates forward-looking estimates.

At 31 December 2021	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Total N'000
Gross EAD*	389,579,309	-	-	389,579,309
Loss allowance as at 31 December 2021	(8,435,306)	-	-	(8,435,306)
Net EAD	381,144,003	-	-	381,144,003

At 31 December 2020	Stage 1 12-month ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Total N'000
Gross EAD*	282,292,238	-	-	282,292,238
Loss allowance as at 31 December 2020	(11,673,759)	-	-	(11,673,759)
Net EAD	270,618,479	-	-	270,618,479

The Company considers both quantitative and qualitative indicators (staging criteria) in classifying its related party receivables into the relevant stages for impairment calculation.

4.1.3 *Impairment of financial assets (continued)*

Impairment of amount due from related parties are recognised in three stages based on certain quantitative and qualitative criteria such as:

- Days past due
- Credit rating at origination
- Current credit rating
- Significant adverse changes in business, financial and/or economic conditions in which the related party operates

Stage 1: This stage includes receivables at origination and receivables that do not have indications of a significant increase in credit risk.

Stage 2: This stage includes receivables that have been assessed to have a significant increase in credit risk using the above mentioned criteria, more than 30 days past due and other qualitative indicators such as the increase in political risk concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future

Stage 3: This stage includes financial assets that have been assessed as being in default (e.g. receivables that are more than 90 days past due) and have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

iii. *Cash and cash equivalents*

The Company also assessed the cash and cash equivalents to determine their expected credit losses. Based on this assessment, they identified the expected losses on cash as at 31 December 2020 and 31 December 2021 to be insignificant, as the loss rate is deemed immaterial. Cash and cash equivalents are assessed to be in stage 1.

Sensitivity of estimates used in IFRS 9 ECL

Estimation uncertainity in measuring impairment loss

In establishing sensitivity to ECL estimates for trade receivables and related parties receivables, three variables (GDP growth rate, exchange rate, and Inflation rate) were considered. Of these variables, the Group's receivables portfolio reflects greater responsiveness to GDP growth rate and inflation rate.

i **Trade receivables**

The table below shows information on the sensitivity of the carrying amounts of the Group’s financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. Changes to these methods, assumptions and estimates may result in material adjustments to the carrying amounts of the Group’s financial assets.

Expected cash flow recoverable:

The table below demonstrates the sensitivity to a 10% change in the expected cash flows from trade receivables, with all other variables held constant:

	Effect on profit before tax			
	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Increase/decrease in estimated cash flows				
+10%	91,086	41,348	91,086	41,348
-10%	(91,086)	(41,348)	(91,086)	(41,348)

Forward looking macro-economic variables:

This table shows the sensitivity of the expected credit loss to an inverse and positive change to each forward-looking macro variables, with all other variables held constant:

	2021 Effect on expected credit loss		
	Brent Oil Price		
	-10%	**Held constant**	**+10%**
Inflation rate	**N'000**	**N'000**	**N'000**
+10%	5,738	23,714	41,690
Held constant	(17,976)	-	17,976
-10%	(41,690)	(23,714)	(5,738)

4.1.3 *Impairment of financial assets (continued)*

Sensitivity of estimates used in IFRS 9 ECL (continued)

i **Trade receivables (continued)**

	2020 Effect on expected credit loss		
	Brent Oil Price		
	-10%	**Held constant**	**+10%**
Inflation rate	**N'000**	**N'000**	**N'000**
+10%	4,535	14,413	24,291
Held constant	(9,878)	-	9,878
-10%	(24,291)	(14,413)	(4,535)

ii **Related party receivables**

The table below demonstrates the sensitivity to movements in the following inputs for related parties receivables with all other variables held constant:

Probability of default (PD)

	Effect on profit before tax			
	Group	**Group**	**Company**	**Company**
	2021	**2020**	**2021**	**2020**
Increase/decrease in PD	**N'000**	**N'000**	**N'000**	**N'000**
+10%	(417,391)	(445,459)	(417,391)	(445,459)
-10%	417,391	445,459	417,391	445,459

Loss given default (LGD)

	Effect on profit before tax			
	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Increase/decrease in loss given default				
+10%	(842,171)	(1,137,507)	(842,171)	(1,137,507)
-10%	842,171	1,137,507	842,171	1,137,507

Forward looking macroeconomic indicators

	2021 Effect on expected credit loss		
	Brent Oil Price		
	-10%	**Held constant**	**+10%**
Inflation rate	**N'000**	**N'000**	**N'000**
+10%	(1,208,891)	(1,516,096)	(1,823,302)
Held constant	307,206	-	(307,206)
-10%	1,823,302	1,516,096	1,208,891

	2020 Effect on expected credit loss		
	Brent Oil Price		
	-10%	**Held constant**	**+10%**
Inflation rate	**N'000**	**N'000**	**N'000**
+10%	(450,209)	(846,760)	(1,243,311)
Held constant	396,551	-	(396,551)
-10%	1,243,311	846,760	450,209

5 Revenue from contracts with customers

a Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product categories:

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Sales - Sugar (Non-fortified)	79,156,351	33,515,576	74,314,267	30,310,662
Sales - Sugar (Fortified)	129,837,641	67,928,067	32,048,628	55,986,191
Sales - Molasses	439,023	12,085,132	315,581	12,055,830
Sales - Pasta	54,401,629	35,400,427	54,401,629	35,400,427
Sales - Bakery Flour	64,191,750	40,117,235	64,191,750	40,117,235
Sales - Bran	5,245,840	3,813,600	5,245,840	3,813,600
	333,272,234	**192,860,037**	**230,517,695**	**177,683,946**

Nigeria is the Group's only geographical segment as 100% of the Group's revenue is earned from sales in Nigeria.

All of the Group's revenue is derived from sale of similar products with similar performance obligation. Additionally, the Group's transactions in 2021 with one major customer which contributed more than 10% of the total revenue from the sale of sugar is N23.3 billion (2020: N20.5 billion).

b Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Contract liabilities – advance payment from customers*	40,931,459	25,286,669	40,931,459	25,286,669

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Balance as at 1 January	25,286,669	1,937,053	25,286,669	1,937,053
Payments received in advance of satisfaction of performance	40,931,459	25,286,669	40,931,459	25,286,669
Revenue recognised for goods previously paid for	(25,286,669)	(1,937,053)	(25,286,669)	(1,937,053)
	40,931,459	25,286,669	40,931,459	25,286,669

*Advance payment from customers are deposits made in advance by customers for goods which are yet to be supplied as of the year end date.

	Group		Company	
6 Expenses by nature	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Cost of raw materials consumed	211,205,886	101,247,167	145,170,178	93,977,666
Staff cost (Note 6b)	2,992,414	1,976,973	2,236,645	1,864,798
Factory production overhead	13,077,833	21,735,679	11,039,388	20,726,713
Depreciation of property, plant and equipment (Note 10)	7,395,730	3,372,283	7,320,768	3,105,400
Depreciation of right-of-use assets (Note 11)	1,010,905	1,042,280	6,452	37,827
Management fee (Note 21a)	-	2,382,190	-	2,382,190
Audit fees	93,338	46,200	80,300	41,200
Donations	14,148	-	2,500	-
Foreign exchange loss on translation of borrowings (Note 16b)	-	752,294	-	752,294

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
6 Expenses by nature (continued)	N'000	N'000	N'000	N'000
Rent and rates	139,841	109,156	128,679	108,531
General expenses	2,316,642	4,108,778	1,264,728	1,960,344
Security	84,967	78,818	64,805	78,318
Travel and transportation	15,564	231,001	15,564	230,908
Subscriptions	7,367	105,306	4,744	104,231
Legal and Professional expenses	162,456	9,514	161,327	9,514
Hotel and accommodation	64,389	2,448	62,202	1,171
Advertisement	21,192	9,720	20,664	8,851
Direct labour	492,106	328,709	492,106	260,623
Electricity	108,191	-	104,614	-
Other expenses	2,553,581	262,904	2,538,228	262,909
Entertainment	4,255	-	2,622	-
Training	85	-	85	-
Bank charges	3,135,055	1,662,406	2,956,769	1,662,406
Printing and Stationery	43,538	245,569	38,629	243,781
Haulage expense	9,843,184	3,965,903	7,119,526	3,610,013
Other selling and marketing expenses	292,515	47,481	292,514	47,481
	255,075,182	**143,722,779**	**181,124,037**	**131,477,169**

There were no non-audit services provided by other professionals in respect of the financial statements during the year. Also, the Company's auditors did not provide any non-audit services during the year.

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
a ***Expenses summarised as follows:***	N'000	N'000	N'000	N'000
Cost of sales	230,312,612	129,287,202	161,234,006	119,936,196
Administrative expenses	14,626,871	10,422,193	12,477,991	7,883,479
Selling and distribution expenses	10,135,699	4,013,384	7,412,040	3,657,494
	255,075,182	**143,722,779**	**181,124,037**	**131,477,169**
b ***Staff cost***				
Staff salaries	2,726,455	1,787,052	1,977,386	1,674,878
Terminal benefit	200,000	-	200,000	-
Pension (employer contribution)	8,019	56,572	8,019	56,572
Staff welfare and training	3,725	107,401	1,335	107,401
Medical	25,314	25,947	21,004	25,947
Other staff costs	28,901	-	28,901	-
	2,992,414	**1,976,973**	**2,236,645**	**1,864,798**
c ***Net impairment (write-back)/ loss on financial assets***				
Decrease in loss allowance on trade receivables (Note 14a)	(1,483)	207,735	(1,483)	207,735
Decrease in loss allowance due from related parties (Note 21c)	(141,800)	(591,463)	(141,800)	(591,463)
	(143,283)	(383,728)	(143,283)	(383,729)

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
7 Other income	N'000	N'000	N'000	N'000
Rental income	1,520,000	1,520,000	1,520,000	1,520,000
Sundry income	14,037	544	12,253	544
Dividend income*	-	-	29,000,000	-
Sales - Scrap	20,503	22,466	20,503	22,149
	1,554,540	**1,543,010**	**30,552,756**	**1,542,693**

*Dividend income relates to interim dividend from BUA Sugar Refinery FZE.

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
8 Finance income/(cost)	N'000	N'000	N'000	N'000
Finance income				
Interest income	2,892,019	30,999	2,892,019	30,999
	2,892,019	30,999	2,892,019	30,999
Finance cost				
Interest expense on overdraft	(1,377,825)	(780,451)	(1,377,825)	(780,451)
Interest expense on borrowings (Note 16b)	(2,980,794)	(2,221,030)	(2,980,794)	(2,221,030)
Interest on lease liabilities (Note 11b)	(689,027)	(598,444)	(5,051)	(7,503)
	(5,047,646)	(3,599,925)	(4,363,670)	(3,008,984)
Net finance cost	**(2,155,627)**	**(3,568,926)**	**(1,471,651)**	**(2,977,985)**

	Group		Company	
9 Taxation	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	N'000	N'000	N'000	N'000
a Income tax expense				
Minimum tax	270,527	245,882	270,527	245,882
Company Income tax	4,893,407	-	4,893,407	-
Tertiary education tax	1,417,337	1,041,167	1,417,337	1,041,167
Police levy fund	2,486	2,248	2,486	2,248
	6,313,230	1,043,415	6,313,230	1,043,415
Deferred tax charge	1,387,406	10,798,855	1,387,406	10,798,855
Tax charge	**7,700,636**	**11,842,270**	**7,700,636**	**11,842,270**

b Current income tax payable

The movement in tax payable is as follows:

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	6,264,936	5,035,714	6,264,936	5,035,714
Provision for the year (Note 9a)	6,581,271	1,287,049	6,581,271	1,287,049
Police trust fund levy	2,486	2,248	2,486	2,248
Payment during the period	(69,948)	(60,075)	(69,948)	(60,075)
Closing balance	**12,778,745**	**6,264,936**	**12,778,745**	**6,264,936**

A reconciliation of the Group's tax expense and the product of accounting profit multiplied by domestic tax rate for the year ended 31 December 2021 and 31 December 2020 is as follows:

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	N'000	N'000	N'000	N'000
Profit before tax	77,468,721	47,249,188	78,347,519	44,909,332
Tax at 30% statutory tax rate	23,240,616	14,174,756	23,504,256	13,472,800
Adjustments:				
Tertiary education tax	(1,417,337)	(1,041,167)	(1,417,337)	(1,041,167)
Effect of permanent difference	(14,354,074)	(1,508,855)	(14,617,714)	(806,898)
Minimum tax adjustment	(270,527)	(245,882)	(270,527)	(245,882)
Police levy fund	(2,486)	(2,248)	(2,486)	(2,248)
Impact of deferred tertiary education tax	-	(38,778)	-	(38,778)
Tax charge for the year	7,700,636	11,842,270	7,700,636	11,842,270

9 Taxation (continued)

c Deferred tax liabilities	**31 December 2021 N'000**	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Opening balance	13,837,780	3,038,925	13,837,780	3,038,925
Deferred tax charge	1,387,406	10,798,855	1,387,406	10,798,855
Closing balance	15,225,186	13,837,780	15,225,186	13,837,780

The analysis of deferred tax liabilities is as follows:

Group	**Property, plant and equipment N'000**	**Unrealised exchange difference N'000**	**Provisions N'000**	**Total N'000**
At 1 January 2021	17,228,142	(355,716)	(3,034,646)	13,837,780
Charged to profit or loss	795,655	355,716	236,035	1,387,406
At 31 December 2021	18,023,797	-	(2,798,611)	15,225,186

	Property, plant and equipment N'000	**Unrealised exchange difference N'000**	**Provisions N'000**	**Total N'000**
At 1 January 2020	18,915,527	(1,055,258)	(14,821,344)	3,038,925
Charged to profit or loss	(1,687,385)	699,542	11,786,698	10,798,855
At 31 December 2020	17,228,142	(355,716)	(3,034,646)	13,837,780

Company	**Property, plant and equipment N'000**	**Unrealised exchange difference N'000**	**Provisions N'000**	**Total N'000**
At 1 January 2021	17,228,142	(355,716)	(3,034,646)	13,837,780
Charged to profit or loss	795,655	355,716	236,035	1,387,406
At 31 December 2021	18,023,797	-	(2,798,611)	15,225,186

	Property, plant and equipment N'000	**Unrealised exchange difference N'000**	**Provisions N'000**	**Total N'000**
At 1 January 2020	18,915,527	(1,055,258)	(14,821,344)	3,038,925
Charged to profit or loss	(1,687,385)	699,542	11,786,698	10,798,855
At 31 December 2020	17,228,142	(355,716)	(3,034,646)	13,837,780

10 Property, plant and equipment

Group	Land and Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Trucks	Office equipment	Capital work-in-progress	Total
	N'000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost								
At 1 January 2021	11,111,808	170,779,415	253,176	689,071	2,097,662	489,495	67,815,187	253,235,814
Additions during the year	119,033	82,104	46,432	28,600	-	30,936	106,988,630	107,295,735
At 31 December 2021	11,230,841	170,861,519	299,608	717,671	2,097,662	520,431	174,803,817	360,531,549
At 1 January 2020	8,005,823	112,251,563	66,770	516,944	2,097,662	76,980	-	123,015,742
Additions during the year	3,105,985	58,527,852	186,406	172,127	-	412,515	67,815,187	130,220,072
At 31 December 2020	11,111,808	170,779,415	253,176	689,071	2,097,662	489,495	67,815,187	253,235,814
Accumulated depreciation								
At 1 January 2021	1,636,392	26,895,891	120,391	509,639	2,046,302	251,551	-	31,460,166
Charge/ (writeback) of depreciation for the year	236,767	6,978,516	57,343	70,077	(46,689)	99,716	-	7,395,730
At 31 December 2021	1,873,159	33,874,407	177,734	579,716	1,999,613	351,267	-	38,855,896
At 1 January 2020	1,464,636	24,116,565	84,057	480,224	1,781,393	161,007	-	28,087,883
Charge for the year	171,756	2,779,326	36,334	29,415	264,909	90,544	-	3,372,284
At 31 December 2020	1,636,392	26,895,891	120,391	509,639	2,046,302	251,551	-	31,460,166
Net book value								
At 31 December 2021	9,357,682	136,987,112	121,874	137,955	98,049	169,164	174,803,817	321,675,653
At 31 December 2020	9,475,415	143,883,524	132,785	179,432	51,360	237,945	67,815,187	221,775,648

At year end, Land accounted for N1,093,099 of the total land and buildings balance (2020: N991,975).

10 Property, plant and equipment (continued)

Company	Land and Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Trucks	Office equipment	Capital work-in-progress	Total
	N'000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost								
At 1 January 2021	10,245,896	169,752,823	123,694	624,349	2,097,662	112,617	336,476	183,293,517
Additions during the year	7,404	277,954	16,385	-	-	29,733	103,124,029	103,455,505
At 31 December 2021	10,253,300	170,030,777	140,079	624,349	2,097,662	142,350	103,460,505	286,749,022
At 1 January 2020	8,005,823	112,251,563	66,770	516,944	2,097,662	76,980	-	123,015,742
Additions during the year	2,240,073	57,501,260	56,924	107,405	-	35,637	336,476	60,277,775
At 31 December 2020	10,245,896	169,752,823	123,694	624,349	2,097,662	112,617	336,476	183,293,517
Accumulated depreciation								
At 1 January 2021	1,624,424	26,490,386	74,323	477,277	2,046,302	85,112	-	30,797,825
Charge/ (writeback) of depreciation for the year	222,546	7,045,190	26,388	46,747	(46,689)	26,586	-	7,320,768
At 31 December 2021	1,846,970	33,535,576	100,711	524,024	1,999,613	111,698	-	38,118,593
At 1 January 2020	1,458,652	23,859,916	59,559	464,043	1,781,393	68,861	-	27,692,425
Charge for the year	165,772	2,630,470	14,764	13,234	264,909	16,251	-	3,105,400
At 31 December 2020	1,624,424	26,490,386	74,323	477,277	2,046,302	85,112	-	30,797,825
Net book value								
At 31 December 2021	8,406,330	136,495,201	39,368	100,325	98,049	30,652	103,460,505	248,630,430
At 31 December 2020	8,621,471	143,262,437	49,370	147,072	51,360	27,506	336,476	152,495,692

As at year end, Land accounted for N991,975 of the total land and buildings balance.

10 Property, plant and equipment (continued)

a *Analysis of depreciation charge on property, plant and equipment*

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	N'000	N'000	N'000	N'000
Recognised in cost of sales	4,525,882	2,589,004	4,525,882	2,589,004
Recognised in administrative expenses	2,869,848	783,280	2,794,886	516,396
	7,395,730	3,372,284	7,320,768	3,105,400

b Capital work in progress (CWIP) represents value of plant and machinery under construction on the Flour and Pasta plants. There were no capitalised borrowing costs in the year.

11 Leases

This note provides information for leases where the Group is a lessee.

a *Right-of-use assets*

	Group		Company	
Buildings	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cost	N'000	N'000	N'000	N'000
Opening balance as at 1 January	3,136,394	89,343	123,036	89,343
Additions during the year	-	3,047,051	-	33,693
Closing balance as at 31 December	3,136,394	3,136,394	123,036	123,036
Depreciation				
Opening balance as at 1 January	1,089,029	46,749	84,576	46,749
Charge for the year	1,010,905	1,042,280	6,452	37,827
Closing balance as at 31 December	2,099,934	1,089,029	91,028	84,576
Net book value	1,036,460	2,047,365	32,008	38,460

b *Lease liabilities*

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	N'000	N'000	N'000	N'000
Opening balance as at 1 January	3,677,928	37,509	73,629	37,509
Additions	-	3,047,048	-	33,690
Interest expense	687,735	598,444	3,759	7,503
Payments made during the year	(39,611)	(5,073)	(39,611)	(5,073)
Closing balance as at 31 December	4,326,052	3,677,928	37,776	73,629

The total cash flow for all leases in the year ended 31 December 2021 was N39.61 million for the Group and Company (2020: N5.07 million).

Lease liabilities as at 31 December 2021 and 31 December 2020 are classified as follows:

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	N'000	N'000	N'000	N'000
Current lease liabilities	4,292,441	876,004	4,165	39,980
Non-current lease liabilities	33,611	2,801,924	33,611	33,649
	4,326,052	3,677,928	37,776	73,629

11 Leases (continued)

c *Amounts recognised in the statement of profit or loss*

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Depreciation charge on right-of-use assets				
Recognised in cost of sales	1,010,905	1,004,453	6,452	-
Recognised in administrative expenses	-	37,827	-	37,827
	1,010,905	1,042,280	6,452	37,827
Interest expense on leases				
Recognised in finance costs	687,735	598,444	3,759	7,503

d The weighted average incremental borrowing rate of the lease liabilities as at 31 December 2021 and 31 December 2020 is 11.5% and 13.5% respectively.

12 Biological assets

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Plantation Development Expenditure	153,040	111,600	-	-
Unharvested Cane	390,861	444,359	-	-
	543,901	**555,959**	**-**	**-**

Plantation Development Expenditure represents cost on land preparation, planting and upkeeping of the sugarcane up to maturity less cost to sell. Unharvested Cane represents cost (cane seed, labour cost and other direct expenses) incurred on matured sugarcane less cost to sell.

13 Inventories

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Raw materials	11,415,957	14,058,056	2,504,859	8,887,901
Work-in-Progress	327,155	2,067,494	221,749	1,948,412
Finished products	3,454,544	2,472,469	3,252,043	2,060,570
Packing materials	769,719	541,804	621,529	541,804
Consumables and spare parts	588,946	1,254,184	279,309	971,113
	16,556,321	20,394,007	6,879,489	14,409,800
Goods in transit	8,370,150	-	8,370,150	-
	24,926,471	**20,394,007**	**15,249,639**	**14,409,800**

There was no inventory provision during the year as no inventory item was impaired (2020: Nil). The value of inventory transferred to cost of sales for the year was N211.21 billion (2020: N101.18 billion)

14 Trade and other receivables

	Group		Company	
Financial assets:	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Trade receivables	1,740,877	986,061	1,740,877	986,061
Other debtors*	47,226,930	14,973,572	47,226,278	14,961,137
	48,967,807	15,959,633	48,967,155	15,947,198
Non-financial assets				
Prepaid expenses	292,269	223,523	275,482	220,908
Withholding tax receivable	2,900,000	2,083	2,900,000	2,083
	3,192,269	225,606	3,175,482	222,991
	52,160,076	**16,185,239**	**52,142,637**	**16,170,189**

*Other debtors mainly includes cash held by banks for FX forward contracts.

14 Trade and other receivables (continued)

a Impairment of trade receivables

The reconciliation of loss allowance for trade receivables as at 31 December 2020 to the opening loss allowance on 1 January 2021 and to the closing loss allowance as at 31 December 2021 is as follows:

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Opening loss allowance as at 1 January	414,965	207,230	414,965	207,230
(Decrease)/increase in loss allowance recognised in profit or loss during the year	(1,483)	207,735	(1,483)	207,735
At 31 December	413,482	414,965	413,482	414,965

b The gross carrying amount of trade receivables is shown below:

Net carrying amount – trade receivables	1,740,877	986,061	1,740,877	986,061
Add: loss allowance (Note 14a)	413,482	414,965	413,482	414,965
Gross carrying amount – trade receivables	2,154,359	1,401,026	2,154,359	1,401,026

15 Cash and balances with banks

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Cash in hand	169,574	19,452	151,788	19,452
Cash in bank	30,169,211	19,363,800	30,162,572	19,362,956
Fixed deposits with banks	-	6,299,682	-	6,292,454
	30,338,785	**25,682,934**	**30,314,360**	**25,674,862**

a The fixed deposit with maturity of less than three months.

b For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, cash at bank, short term investment and bank overdraft as analysed below:

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Cash and balances with banks	30,338,785	25,682,934	30,314,360	25,674,862
Bank overdrafts	(2,851,413)	(9,466,442)	(2,851,413)	(9,466,442)
	27,487,372	**16,216,492**	**27,462,947**	**16,208,420**

16 Borrowings

a Borrowings comprises:

	Group		Company	
Current	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Short term import finance facilities	238,185,115	115,967,554	238,185,115	115,967,554
Bank borrowings - current	2,973,995	8,435,664	2,973,995	8,435,664
	241,159,110	124,403,218	241,159,110	124,403,218
Non-current				
Bank borrowings - non current	4,889,870	3,834,509	4,889,870	3,834,509
Total borrowings	**246,048,980**	**128,237,727**	**246,048,980**	**128,237,727**

Current bank borrowings relate to short term Import Finance Facilities (IFF) from several Nigerian banks with average maturity of 5 months. They also include bank borrowings repayable within the next 12 months.

16 Borrowings (continued)

Term loans are secured by all the assets of the Company. They include:

i) USD45 million obtained from Standard Chartered Bank Nigeria Limited for 54 months with effect from July 2015 (inclusive of 18 months moratorium). The principal portion of this loan has been fully repaid in the year.

ii) N10 billion obtained from Union Bank of Nigeria Plc for a period of 72 months with effect from 18 September 2018 (inclusive of 24 months moratorium).

iii) N6.26 billion obtained from Sterling Bank Nigeria Limited for a period of 98 months with effect from February 2019.

b Movement in borrowings is as follows:

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Opening balance	128,237,727	105,269,130	128,237,727	105,269,130
Proceeds from loan drawdown	269,733,940	102,732,001	269,733,940	102,732,001
Interest charge expensed	2,980,794	2,221,030	2,980,794	2,221,030
Interest absorbed by related parties	-	2,575,671	-	2,575,671
Interest charge capitalised	-	-	-	-
Foreign exchange loss on translation of borrowings	-	752,294	-	752,294
Repayment of principal	(153,138,049)	(78,930,433)	(153,138,049)	(78,930,433)
Interest paid	(1,765,432)	(6,381,966)	(1,765,432)	(6,381,966)
Total borrowings	**246,048,980**	**128,237,727**	**246,048,980**	**128,237,727**

c Net debt comprises:

Cash and balances with banks	(30,338,785)	(25,682,934)	(30,314,360)	(25,674,862)
Borrowings - current	241,159,110	124,403,218	241,159,110	124,403,218
Borrowings - non-current	4,889,870	3,834,509	4,889,870	3,834,509
Borrowings - overdraft	2,851,413	9,466,442	2,851,413	9,466,442
Net debt	**218,561,608**	**112,021,235**	**218,586,033**	**112,029,307**

17 Trade and other payables

	Group		Company	
Financial liabilities:	**31 December 2021 N'000**	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Trade payables	3,858,564	4,159,842	3,614,311	3,971,989
Accrued audit fees	61,750	-	61,750	-
Other payables and accrued expenses	3,061,757	3,982,161	2,965,019	3,956,915
Total financial liabilities	6,982,071	8,142,003	6,641,080	7,928,905
Non-financial liabilities:				
Value added tax payable	25,481,788	16,091,130	22,341,308	15,826,653
Withholding tax payable	3,081,514	111,647	181,513	111,647
Other statutory obligations	2,799,911	9,110	2,799,911	9,110
Total non-financial liabilities	31,363,213	16,211,887	25,322,732	15,947,410
	38,345,284	**24,353,890**	**31,963,812**	**23,876,315**

All trade payables are due within 12 months after the statement of financial position date.

18 Share capital

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Authorised:				
As at 1 January	9,000,000	20,000	9,000,000	20,000
For group restructuring:				-
9,537,595 ordinary shares of N1.00 each	-	9,538	-	9,538
For Share split:				
17,940,924,810 ordinary shares of N0.50 each	8,970,462	8,970,462	8,970,462	8,970,462
	17,970,462	**9,000,000**	**17,970,462**	**9,000,000**

The authorised share capital as at 31 December 2021 is 18,000,000,000 ordinary shares of N0.50 each.

	Group		Company	
Issued and fully paid:				
20,000,000 ordinary shares of N1.00 each	9,000,000	20,000	9,000,000	20,000
For group restructuring (Note 18.1)	-	9,538	-	9,538
Bonus issue on share split	8,954,507	-	8,954,507	-
Additional shares issued/alloted	15,955	-	15,955	-
	17,970,462	**29,538**	**17,970,462**	**29,538**

	Group		Company	
	31 December 2021 Number ('000)	31 December 2020 Number ('000)	31 December 2021 Number ('000)	31 December 2020 Number ('000)
Authorized:				
Number of shares as at 1 January	29,538	20,000	29,538	20,000
- additions on group restructuring	-	9,538	-	9,538
- additions on share split	17,970,462		17,970,462	
	18,000,000	**29,538**	**18,000,000**	**29,538**
Issued and fully paid:				
Number of shares as at 1 January	29,538	20,000	29,538	20,000
- additions on group restructuring	-	9,538	-	9,538
- additions on share split	17,938,552	-	17,938,552	-
-additions on shares alloted during the year	31,910	-	31,910	-
	18,000,000	**29,538**	**18,000,000**	**29,538**

18.1 Changes to authorised and issued share capital

Group restructuring

As part of the group restructuring, the company increased its authorised share capital by 9,537,595 ordinary shares of N1.00 each which was issued to existing shareholders of the merged and transferred entities.

Share split

By a resolution dated 24 November 2021, the Company increased its authorised share capital to 18,000,000,000 ordinary shares by the creation of 17,940,924,810 ordinary shares of ₦0.50 each. Existing shares of 29,537,595 of N1.00 each were also converted based on the share split to 59,075,190 of N0.50 each.

Bonus shares issued

Based on the share split, bonus shares of 17,909,014,810 ordinary shares were issued to existing shareholders of the Company at a bonus ratio of 303.1562795 by way of capitalisation of reserves.

Additional shares issued

31,910,000 ordinary shares of N0.50 each were alloted to CardinalStone Trustees Limited as part of the requirements for the Company's Listing on the Nigerian Stock Exchange.

18 Share capital (continued)

18.2 Basic and diluted earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting year.

	Group		Company	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Profit attributable to ordinary equity holders of the parent N'000	69,768,085	35,406,918	70,646,883	33,067,062
Weighted average number of ordinary shares in issue at year end	16,473,408	17,968,090	16,473,408	17,968,090
Weighted average number of ordinary shares in issue after group restructuirng	29,538	29,538	29,538	29,538
<u>Basic earnings per share (Naira)</u>				
At the end of the year	**4.24**	**1.97**	**4.29**	**1.84**
Immediately after group restructuring	**2,361.98**	**1,198.69**	**2,391.73**	**1,119.48**
Before group restructuring		**813.20**		**813.20**
Impact of the group restructuring on the EPS		**385.49**		**306.28**

Diluted EPS is the same as the basic earning per share as there are no potential securities convertible to ordinary shares.

EPS for 2020 has been adjusted to reflect the merger of BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, and BUA Oil Mills Limited and the transfer of BUA Sugar Refinery FZE and LASUCO Sugar Company Limited to the Group. In line with the Group's policy, although the merger and transfer of subsidiaries took place in 2021, the issue of additional shares has been reflected as though it had occurred as at 1 January 2020. Accordingly, weighted average number of ordinary shares used for EPS calculation in each period presented has been adjusted to reflect as though the shares issued to the shareholders of the merged and transferred entities had been outstanding as at 2020.

Earnings used for the Company EPS calculations include the full period/year results of BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, and BUA Foods Plc.

Earnings used for the Group EPS calculations include the full period/year results of BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, and BUA Foods Plc, BUA Sugar Refinery FZE and LASUCO Sugar Company Limited.

For the calculation of the EPS, the share split and bonus shares that occurred in 2021 have been treated retrospectively in the determination of the weighted average number of shares outstanding as at 31 December 2020 as required by IFRS.

19 Cash generated from/ (used in) operating activities

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Profit before tax	77,468,721	47,249,188	78,347,519	44,909,332
Adjustment for:				
Depreciation of property, plant and equipment (Note 10)	7,395,730	3,372,284	7,320,768	3,105,400
Depreciation of right-of-use assets (Note 11a)	1,010,905	1,042,280	6,452	37,827
Foreign exchange loss on translation of foreign currency borrowings (Note 16b)	-	752,294	-	752,294
Finance income (Note 8)	(2,892,019)	(30,999)	(2,892,019)	(30,999)
Finance cost	2,980,794	5,223,036	2,980,794	4,632,095
Interest on lease liabilities (Note 8)	687,735	-	3,759	-
Impairment write-back on financial assets	(143,283)	(383,728)	(143,283)	(383,729)
Minimum tax (Note 9a)	270,527	245,882	270,527	245,882
	86,779,110	57,470,237	85,894,517	53,268,102

19 Cash generated from/ (used in) operating activities (continued)

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Changes in working capital:				
Increase in inventories	(4,532,464)	(11,532,973)	(839,839)	(5,597,649)
Increase in trade and other receivables	(35,831,554)	(16,526,356)	(35,972,450)	(16,910,692)
Increase in due from related parties (Note 21d)	(75,109,638)	(46,530,430)	(75,717,402)	(45,801,343)
Increase in trade and other payables	13,991,394	72,834,718	8,087,497	49,189,438
Increase in contract liabilities	15,644,790	23,349,620	15,644,790	23,349,616
Net cash generated from/ (used in) operations	**941,638**	**79,064,816**	**(2,902,888)**	**57,497,473**

20 Particulars of Directors and staff

a Particulars of staff

The average number of persons, excluding Directors, employed by the Company during the year is as follows:

	Group		Company	
	31 December 2021 Number	31 December 2020 Number	31 December 2021 Number	31 December 2020 Number
Production	447	382	297	278
Administration	195	109	114	72
	642	**491**	**411**	**350**

b The table below shows the number of employees of the Company in receipt of emoluments, including allowances and pension costs within the following bands during the year.

	Group		Company	
	31 December 2021 Number	31 December 2020 Number	31 December 2021 Number	31 December 2020 Number
N100,000 - N500,000	26	14	-	-
N500,000 - N1,000,000	99	61	29	6
N1,000,001 - N2,000,000	76	77	15	29
N2,000,001 - N3,000,000	72	154	47	146
N3,000,001 - N4,000,000	136	113	121	104
N4,000,001 - N5,000,000	90	36	81	33
N5,000,001 - N10,000,000	121	27	101	26
N10,000,001 - N15,000,000	13	2	11	-
N15,000,001 - N20,000,000	3	4	2	4
N20,000,001 - N30,000,000	3	3	1	2
N30,000,001 - N40,000,000	3	-	3	-
	642	**491**	**411**	**350**

c Particulars of Directors

i Directors' emoluments

The remuneration paid to the Directors of the Group is as follows:

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Emoluments paid to the Director	95,050	49,629	95,050	49,629
Amount paid to the highest paid Director	56,022	49,629	56,022	49,629

20 Particulars of Directors and staff (continued)

c Particulars of Directors

The number of Directors of the Group (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Group fell within the following range:

	Group		Company	
	31 December 2021 Number	31 December 2020 Number	31 December 2021 Number	31 December 2020 Number
30,000,001 - 40,000,000	1	-	1	-
40,000,001 - 50,000,000	1	1	1	1
	2	**1**	**2**	**1**

21 Related party transactions and balances

The majority shareholder of the Company, Alhaji Abdulsamad Rabiu CON who is also the Chairman of the Board of Directors ('the Chairman'), is the ultimate owner of the Group.

The Group is owned and controlled by the Chairman. The Chairman has controlling interests in other companies which are considered to be related parties to the Group.

The Company's transactions and balances arising from dealings with related parties during the year are shown below:

a Transactions with related parties

(i) Management agreement

As consideration for the services provided by BUA International Limited, a sum equivalent to 2.83% of the net revenue from BUA Sugar Refinery Limited for the year will be paid to BUA International Limited in line with the Management Service Agreement between both entities. During the year ended 31 December 2021, BUA International Limited waived 100% of the right to claim the management fee due to her from the Group while 50% of the rights was waived in the year ended 31 December 2020. Hence, no management fee has been included in the administrative expenses for the year ended 31 December 2021 (2020: N2.38 billion).

(ii) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity. The Group has identified its management team and the Directors as its key management personnel. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Salaries and other short-term employee benefits	249,725	91,964	171,465	91,964
Pension costs	15,483	3,898	10,631	3,898
	265,208	95,862	182,096	95,862

b Outstanding balances with related parties

Below are the outstanding receivables from, and payables to related parties. These balances are not as a result of trade transactions but relate to settlement of liabilities on behalf of the Company or by the Company on behalf of other entities. There are no existing terms and conditions on these balances.

		Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
(i) **Due from related parties**	**Relationship**	**N'000**	**N'000**	**N'000**	**N'000**
BUA International Limited	Shareholder/ Sister company	198,217,032	128,963,388	223,619,180	195,292,380
Director's current account	Director	20,980,727	16,971,677	20,573,057	16,587,549
Impairment of receivables from related parties		(8,295,083)	(8,436,883)	(8,295,083)	(8,436,883)
		210,902,676	137,498,182	235,897,154	203,443,046

* Directors current account relates to drawings by the Chairman. There are no interests on amounts drawn.

21 Related party transactions and balances (continued)

(ii) **Due to related parties**	**Relationship**	**31 December 2021 N'000**	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
BUA International Limited	Shareholder/ Sister company	48,114,507	49,819,651	-	43,406,577
		48,114,507	49,819,651	-	43,406,577
Due from related parties - Net		162,788,169	87,678,531	235,897,154	160,036,469

The related party amounts have been offset and the net amount has been reported in the balance sheet as the Group has a legally enforceable right to offset the recognised amounts, and the amounts will be settled on a net basis or simultaneously.

(iii) **Deposit for shares**	**Group**		**Company**	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Deposit for shares	32,243,723	32,243,723	32,243,723	32,243,723

Deposit for shares are funds of the ultimate shareholder that are yet to be authorised and issued as share capital.

c Impairment of amounts due from related parties

The loss allowance on amounts due from related parties as at 1 January and to the closing loss allowance as at 31 December for each year is as follows:

	Group		**Company**	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
As at 1 January	8,436,883	9,028,346	8,436,883	9,028,346
Decrease in loss allowance recognised in profit or loss during the year	(141,800)	(591,463)	(141,800)	(591,463)
At 31 December	8,295,083	8,436,883	8,295,083	8,436,883
The net carrying amount of due from related parties is shown below:				
Gross carrying amount - due from related parties (Note 21)(i)	171,083,252	96,115,414	244,192,237	168,473,352
Less: loss allowance	(8,295,083)	(8,436,883)	(8,295,083)	(8,436,883)
Due from related parties net of loss allowance	162,788,169	87,678,531	235,897,154	160,036,469

22 Common control transactions

During the year, BUA Foods Plc (formerly BUA Sugar Refineries Limited) sought and obtained shareholders' and regulatory approval to merge BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited and BUA Sugar Refinery Limited (renamed to BUA Foods Plc) emerging as the surviving entity. The operational integration of the entities was also finalised during the year.

Furthermore, the ultimate shareholders also transferred their ownership interests in BUA Sugar Refinery FZE and LASUCO Sugar Company Limited to BUA Foods Plc. The investments in subsidiaries have been measured at their predecessor values which is the carrying amount of the investment in the transferor's (ultimate parent) separate financial statements.

The merged and transferred entities were ultimately controlled by the same party before and after the merger and control was not transitory. Consequently, this is a business combination of entities under common control.

The Group has applied the predecessor value method restrospectively. The results and net assets of the merged and transferred entities have been incorporated at their book values as if the entities had always been combined from the date of the earliest comparative information presented in the financial statements.

(i) Net assets transferred (at book values)

The net assets of the merged and transferred entities as at 1 January 2020 or date of joining the Group are summarised below:

	Group N'000	**Company N'000**
Non-current assets		
Property, plant and equipment	48,791,692	739,377
Biological assets	492,864	-
Current assets		
Inventories	48,883	-
Trade and other receivables	50,901	10,821
Cash and balances with banks	6,156	613
Total assets	**49,390,496**	**750,811**

22 Common control transactions (continued)
(i) Net assets transferred (at book values) (continued)

Non-current liabilities		
Deposit for shares	(73,800)	(73,800)
Current liabilities		
Current income tax payable	(10,230)	(10,230)
Trade and other payables	(9,587)	(7,478)
Due to related parties - net	(50,230,569)	(665,474)
Total liabilities	**(50,324,186)**	**(756,982)**
Net liabilities transferred	(933,690)	(6,171)
Transfer of investment in subsidiaries	-	407,670
	(933,690)	401,499
Issue of shares for the group restructuring	(9,538)	(9,538)
Net difference arising on the group restructuring	**(943,228)**	**391,961**

The net difference arising on the group restructuring has been transferred to reorganisation and other reserves.

23 Investment in subsidiaries

The following table lists the entities which are controlled by the Group:

				Carrying value	
				31 December 2021	**31 December 2020**
Subsidiary	**Incorporation/ Registration details**	**Principal place of business**	**% interest**	**N'000**	**N'000**
BUA Sugar Refinery FZE	Registered at the Bundu Free Zone on 2 June 2020	26, Azikiwe road, Bundu Free Zone, Port Harcourt, Rivers State.	100%	387,670	387,670
LASUCO Sugar Company Limited	Registered at the CAC on 7 September 2016	Lafiagi, Edu Local Government Area, Kwara State.	100%	20,000	20,000
				407,670	407,670

24 Segment reporting

The Group examines performance from a product perspective and has identified four operating segment in its business:

i. **Flour segment:** This part of the business is involved in the sale of flour products.

ii. **Sugar segment:** This part of the business is involved in refining of imported and locally sourced raw sugar as well as sale of refined sugar

iii. **Pasta segment:** This segment is involved in the sale of pasta products.

iii. **Others:** This segment is involved in the production and sale of rice, drinks and edible oils amongst others. The results of these operations are included in the 'others' column.

	31 December 2021	31 December 2020
Segment profit disclosures	**N'000**	**N'000**
Flour	4,085,308	2,289,363
Sugar	46,981,426	6,469,148
Pasta	14,979,652	10,749,675
Others	3,721,700	15,898,732
Total profit after tax	69,768,086	35,406,918

31 December 2021	**Flour**	**Sugar**	**Pasta**	**Others**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	64,191,750	208,993,992	54,401,629	5,684,863	333,272,234
Cost of sales less depreciation	(52,485,600)	(148,018,577)	(28,809,349)	(999,086)	(230,312,612)
General and adminstrative expense less depreciation	(3,977,223)	(8,129,296)	(4,175,054)	(74,356)	(16,355,929)
Operating profit before depreciation and impairment	7,728,927	52,846,119	21,417,226	4,611,421	86,603,693

24 Segment reporting (continued)

31 December 2021	Flour	Sugar	Pasta	Others	Total
	N'000	N'000	N'000	N'000	N'000
Depreciation	(3,317,863)	(3,691,145)	(1,359,944)	(37,689)	(8,406,641)
Impairment	-	143,283	-	-	143,283
Other gains	19,305	1,534,037	1,198	-	1,554,540
Operating profit	4,430,369	50,832,294	20,058,480	4,573,732	79,894,875
Finance income	-	2,892,019	-	-	2,892,019
Finance cost	(1,310)	(4,180,333)	(3,741)	(862,262)	(5,047,646)
Minimum tax	-	(270,527)	-	-	(270,527)
Income tax charge	(343,751)	(2,292,028)	(5,075,087)	10,230	(7,700,636)
Segment's profit	4,085,308	46,981,426	14,979,652	3,721,700	69,768,086
Other comprehensive income	-	-	-	-	-
Total comprehensive income	4,085,308	46,981,426	14,979,652	3,721,700	69,768,086

31 December 2020	Flour	Sugar	Pasta	Others	Total
	N'000	N'000	N'000	N'000	N'000
Revenue	40,117,235	101,443,643	35,400,427	15,898,732	192,860,037
Cost of sales less depreciation	(33,536,955)	(71,641,356)	(17,532,096)	-	(122,710,407)
General and adminstrative expense less depreciation	(788,689)	(11,348,586)	(1,477,196)	-	(13,614,471)
Operating profit before depreciation and impairment	5,791,591	18,453,701	16,391,135	15,898,732	56,535,159
Depreciation	(2,420,848)	(3,973,278)	(1,003,775)	-	(7,397,901)
Impairment	-	525,528	(141,800)	-	383,728
Other gains	11,074	1,530,508	1,428	-	1,543,010
Operating profit	3,381,817	16,536,459	15,246,988	15,898,732	51,063,996
Finance income	-	30,999	-	-	30,999
Finance cost	(1,311)	(3,594,871)	(3,743)	-	(3,599,925)
Minimum tax	-	(245,882)	-	-	(245,882)
Income tax charge	(1,091,143)	(6,257,557)	(4,493,570)	-	(11,842,270)
Segment's profit	2,289,363	6,469,148	10,749,675	15,898,732	35,406,918
Other comprehensive income	-	-	-	-	-
Total comprehensive income	2,289,363	6,469,148	10,749,675	15,898,732	35,406,918

Segment total assets disclosures

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the reporting segment and the physical location of the asset. The Group had no non-current assets domiciled outside Nigeria.

	31 December 2021 N'000	31 December 2020 N'000
Flour	84,305,652	75,226,092
Sugar	453,908,235	356,862,316
Pasta	60,174,069	33,180,919
Others	212,825,609	7,739,292
Total segment's assets	811,213,565	473,008,619
Intersegment elimination		
Intercompany transactions	(217,744,051)	(98,688,936)
Total assets	593,469,515	374,319,683

24 Segment reporting (continued)

Segment total liabilities disclosures

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	31 December 2021 N'000	31 December 2020 N'000
Flour	69,896,485	53,709,531
Sugar	292,653,738	242,708,615
Pasta	33,284,780	16,278,829
Others	212,415,035	7,785,463
Total segment's liabilities	608,250,038	320,482,438
Intersegment elimination		
Intercompany transactions	(215,499,196)	(77,113,343)
Total liabilities	392,750,842	243,369,095

Impairment losses by reportable segments

Impairment losses are measured in a manner consistent with that of the financial statements. These impairments are allocated based on the operations of the segment.

31 December 2021	Flour N'000	Sugar N'000	Pasta N'000	Others N'000	Total N'000
At start of the year	-	414,965	-	-	414,965
Provision during the year	-	(1,483)	-	-	(1,483)
At the end of the year	-	413,482	-	-	413,482

31 December 2020	Flour N'000	Sugar N'000	Pasta N'000	Others N'000	Total N'000
At start of the year	-	207,230	-	-	207,230
Provision during the year	-	207,735	-	-	207,735
At the end of the year	-	414,965	-	-	414,965

Disaggregation of revenue from customers

The Group derives revenue from the transfer of goods or services at a point in time.

31 December 2021	Flour N'000	Sugar N'000	Pasta N'000	Others N'000	Total N'000
Point in time	64,191,750	208,993,992	54,401,629	5,684,863	333,272,234
Over time	-	-	-	-	-
Total revenue	64,191,750	208,993,992	54,401,629	5,684,863	333,272,234

31 December 2020	Flour N'000	Sugar N'000	Pasta N'000	Others N'000	Total N'000
Point in time	40,117,235	101,443,643	35,400,427	15,898,732	192,860,037
Over time	-	-	-	-	-
Total revenue	40,117,235	101,443,643	35,400,427	15,898,732	192,860,037

25 Contingent liabilities

There are no contingent liabilities for the year ended 31 December 2021 (31 December 2020: Nil).

26 Subsequent events

On 5 January 2022, BUA Foods Plc. was listed by introduction on the main Board of the Nigerian Exchange Limited (NGX). A total of 18 billion ordinary shares of BUA Foods Plc. were listed at N40.00 per share under the consumer goods sector of NGX.

27 Comparatives

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

Other National Disclosures

Company	2021 N'000	%	2020 N'000	%
Revenue	230,517,695		177,683,946	
Finance income	2,892,019		30,999	
Other income	30,552,756		1,542,693	
	263,962,470		179,257,638	
Less: Bought in materials and services:				
Local	(36,285,606)		(19,359,663)	
Imported	(135,408,262)		(106,971,634)	
VALUE ADDED	**92,268,602**	**100**	**52,926,341**	**100**
APPLIED AS FOLLOWS:				
TO PAY EMPLOYEES:				
Salaries, wages and other benefits	2,236,645	2	1,864,798	4
TO PAY PROVIDERS OF FUNDS:				
Finance cost	4,363,670	5	3,008,984	6
TO PAY GOVERNMENT:				
Income taxes	7,700,636	8	11,842,270	22
TO PROVIDE FOR REPLACEMENT OF ASSETS AND FUTURE GROWTH:				
Depreciation of property, plant and equipment	7,320,768	8	3,105,400	5
Depreciation of right-of-use assets	-	-	37,827	-
Retained profit	70,646,883	77	33,067,062	63
VALUE ADDED	**92,268,602**	**100**	**52,926,341**	**100**

Group	2021 N'000	%	2020 N'000	%
Revenue	333,272,234		192,860,037	
Finance income	2,892,019		30,999	
Other income	1,554,540		1,543,010	
	337,718,793		194,434,046	
Less: Bought in materials and services:				
Local	(108,395,115)		(30,221,763)	
Imported	(135,408,262)		(106,971,634)	
VALUE ADDED	**93,915,416**	**100**	**57,240,649**	**100**
APPLIED AS FOLLOWS:				
TO PAY EMPLOYEES:				
Salaries, wages and other benefits	2,992,414	3	1,976,973	3
TO PAY PROVIDERS OF FUNDS:				
Finance cost	5,047,646	5	3,599,925	6
TO PAY GOVERNMENT:				
Income taxes	7,700,636	8	11,842,270	21
TO PROVIDE FOR REPLACEMENT OF ASSETS AND FUTURE GROWTH:				
Depreciation of property, plant and equipment	7,395,730	8	3,372,283	6
Depreciation of right-of-use assets	1,010,905	-	1,042,280	-
Retained profit	69,768,085	75	35,406,918	64
VALUE ADDED	**93,915,416**	**100**	**57,240,649**	**100**

Value added represents the additional wealth created through the effort of the Group and its employees. The Statement shows the allocation of that wealth to employees, providers of fund, shareholders, government and the amount retained for the future creation of wealth.

Statement of financial position

	Group		Company				
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2019 N'000	31 December 2018 N'000	31 December 2017 N'000
Assets employed							
Non-current assets	323,256,014	224,378,972	249,070,108	152,941,822	94,656,996	94,923,636	94,056,091
Current assets	270,213,501	149,940,711	333,603,790	216,291,320	164,250,992	130,411,408	91,421,199
Non-current liabilities	(52,392,390)	(52,717,936)	(52,392,390)	(49,949,661)	(35,223,132)	(36,041,340)	(44,356,077)
Current liabilities	(340,358,452)	(190,651,159)	(329,688,704)	(189,337,560)	(127,207,496)	(102,828,618)	(62,199,790)
Net assets	200,718,673	130,950,588	200,592,804	129,945,920	96,477,360	86,465,086	78,921,423
Capital employed							
Ordinary share capital	9,000,000	29,538	9,000,000	29,538	20,000	20,000	20,000
Reorganisation reserves	(943,228)	(943,228)	391,961	391,961	-	-	
Retained earnings	192,661,901	131,864,278	191,200,843	129,524,422	96,457,360	86,445,086	78,901,423
Total equity	200,718,673	130,950,588	200,592,804	129,945,921	96,477,360	86,465,086	78,921,423

Statement of profit or loss and other comprehensive income

	Group		Company				
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2019 N'000	31 December 2018 N'000	31 December 2017 N'000
Revenue	333,272,234	192,860,037	230,517,695	177,683,946	83,689,564	68,924,552	68,913,395
Profit before tax	77,468,721	47,249,188	78,347,519	44,909,332	10,667,837	11,431,843	7,095,751
Income tax expense	(7,700,636)	(11,842,270)	(7,700,636)	(11,842,270)	(1,615,163)	(3,888,179)	(2,329,917)
Profit after tax	69,768,085	35,406,918	70,646,883	33,067,062	9,052,674	7,543,664	4,765,834
Total comprehensive income	69,768,085	35,406,918	70,646,883	33,067,062	9,052,674	7,543,664	4,765,834
Per share data							
Earnings per share (Naira)	7.75	1,198.69	7.85	1,119.48	452.63	377.18	238.29
Net assets per share (Naira)	22.30	4,433.29	22.29	4,399.28	4,823.87	4,323.25	3,946.07

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

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