



BUA FOODS PLC
RC:621320

Annual report and financial statements
For the year ended 31 December 2022

BUA FOODS PLC

Annual report and financial statements

For the year ended 31 December 2022

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Directors and professional advisers

BOARD OF DIRECTORS

Abdul Samad Rabiou CFR, CON: Chairman	
Ayodele Musibau Abioye: Managing Director	
Abdulrasheed Adebayo Olayiwola: Executive Director and Chief Financial Officer	
Isyaku Naziru Rabiou: Executive Director	Resigned August 17, 2022
Kabiru Isyaku Rabiou: 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	Resigned July 19, 2022

KEY MANAGEMENT TEAM

Ayodele Musibau Abioye - Managing Director
Abdulrasheed Adebayo Olayiwola - Executive Director and Chief Financial Officer
Isyaku Naziru Rabiou - Executive Director
Ashok Kumar – Division Director, Flour and Pasta Division
Godspower Sivwete – Division Director, Sugar Division
Adewunmi Desalu – Director, Marketing and Corporate Communications
Labaran Saidu Audu – Plant Director, LASUCO
Abdullahi Aminu – General Manager, Rice Division
Liman Alim- General Manager, Sales and Supply Chain

COMPANY SECRETARY

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

REGISTERED OFFICE

PC 32, Churchgate Street,
Victoria Island,
Lagos, Nigeria.
P.O.Box 70106 Victoria Island

PLANT LOCATIONS

Sugar Refinery	Oil Mills	Flour Mills Plants	Pasta Factory Plant	Rice Mill
Apapa Terminal A, Tin Can Island Port, Tin Can Island Industrial Estate, Apapa, Lagos	No. 8 Akilo Street, off Oba Akran Avenue, Ikeja, Lagos	BUA Foods Industrial Complex, 26 Nnamdi Azikiwe Road, Port Harcourt, Rivers State.	BUA Foods Industrial Complex, 26 Nnamdi Azikiwe Road, Port Harcourt, Rivers State.	Sharada Industrial Estate, Phase II, Kano Kumbotso Local Government Area, Kano State
FZE Bundu Free Trade Zone, 26 Nnamdi Azikiwe Road, Port Harcourt, Rivers State.	LASUCO Sugar Company Limited 1, Puta Road, Lafiagi, Kwara State.	Terminal B Nigerian Ports Authority Complex Off Industry Road, Port Harcourt, Rivers State.	Terminal B Nigerian Ports Authority Complex Off Industry Road, Port Harcourt, Rivers State.	

INDEPENDENT AUDITOR

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

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Directors and professional advisers

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

Rand Merchant Bank Nigeria Limited

Standard Chartered Bank Nigeria Limited

Union Bank of Nigeria Plc

United Bank for Africa Plc

Zenith Bank Plc

TAJBank Limited

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Report of the directors

In compliance with the Companies & Allied Matters Act, 2020, the Directors of BUA Foods Plc ("the Group") are pleased to present to members of the Group, the audited financial statements for the year ended 31 December 2022.

Legal form

BUA Foods Plc ("BUA Foods" or the "Company") was formed in November 2021 following a scheme of restructuring under Section 711 of the Companies and Allied Matters Act 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, and was listed in the Nigerian Exchange Group (NGX) on 5 January 2022.

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 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Revenue	418,347,770	333,272,234	300,877,115	230,517,695
Profit before tax	107,229,702	77,468,721	104,555,312	78,347,519
Income tax expense	(15,885,684)	(7,700,636)	(15,885,684)	(7,700,636)
Profit after tax	91,344,018	69,768,085	88,669,628	70,646,883

DIVIDEND DECLARATION

The Board of Directors ("the Board") recommends for the approval of shareholders a payment of N4.50k dividend per 1 ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31 December 2022 (2021: N3.50k dividend per 1 ordinary share of 50 kobo each). If approved, dividends paid to shareholders will be subject to the deduction of withholding tax at the appropriate rate at the time of payment. The N3.50k dividend per 1 ordinary share of 50 kobo each, declared in 2021, was paid in 2022.

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 Rabi CFR, CON: Chairman
 Ayodele Musibau Abioye: Managing Director
 Abdulrasheed Adebayo Olayiwola: Executive Director and Chief Financial Officer
 Isyaku Naziru Rabi: Executive Director
 Kabiru Isyaku Rabi: 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

Resigned August 17, 2022

Resigned July 19, 2022

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Report of the directors

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 interest		No of shares held (Units)	Shareholding (%)
Alhaji Abdul Samad Rabi CFR, CON		16,172,601,967	89.848
Kabiru Isyaku Rabi		1,401,654	0.008
Kenneth Chimaobi Madukwe		442,235	0.002
Ayodele Musibau Abioye		250,000	0.001
Abdulrasheed Adebayo Olayiwola		250,000	0.001
Finn Heyerdahl Arnoldsen		250,000	0.001
		16,175,195,856	89.862
Indirect interest	Representing	No of shares held (Units)	Shareholding (%)
Alhaji Abdul Samad Rabi CFR, CON	BUA International Limited	683,372	0.004
	BUA Industries Limited	500,485,433	2.780
		501,168,805	2.784
		16,676,364,661	92.646

Shareholding structure showing range, total holders, percentage, and units as at 31 December 2022

Range of Shareholding	Number of Shares holders	Holder %	Holders Cum	Units	Units %	Units Cumulative
1-1000	752	48.27%	752	170,795	0.00%	170,795
1001-5000	245	15.73%	997	640,547	0.00%	811,342
5001-10000	59	3.79%	1,056	471,594	0.00%	1,282,936
10001-50000	109	7.00%	1,165	2,806,237	0.02%	4,089,173
50001-100000	276	17.72%	1,441	21,920,020	0.12%	26,009,193
100001-500000	89	5.71%	1,530	18,934,619	0.11%	44,943,812
500001-1000000	9	0.58%	1,539	7,320,130	0.04%	52,263,942
1000001-999999999999	19	1.22%	1,558	17,947,736,058	99.71%	18,000,000,000
Grand Total	1,558	100%		18,000,000,000	100%	

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 ₦1.00 each were also converted based on the share split to 59,075,190 of ₦0.50 each.

At 31 December 2022, the analysis of shareholding in the Company was as follows:

	No of shares held (Units)	Shareholding (%)
Alhaji Abdul Samad Rabi CFR, CON	16,172,601,967	89.848
BUA Industries Limited	500,485,433	2.780
Alhaji Isiyaku Rabi (Jnr)	473,628,201	2.631
FPCNL/NPF FUND II INVEST A/C - MAIN	242,000,000	1.344
Others	611,284,399	3.397
	18,000,000,000	100

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Report of the directors

Free Float Declaration

BUA Foods Plc with a free float value of N55,294,889,650.00 as at 31st, December 2022 is compliant with the Nigerian Exchange Group's "The NGX" free float requirements for companies on the Main Board.

Share Price at end of reporting period:		N65.00
Description	Units	Percentage (In relation to Issued Share Capital)
Issued Share Capital	18,000,000,000	100%
Details of Substantial Shareholdings (5% and above)		
Abdul Samad Rabiul CFR, CON; Direct Holdings	16,172,601,967	89.85%
Total Substantial Shareholdings	16,172,601,967	89.85%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interest		
Abdul Samad Rabiul CFR, CON; (Indirect - Representing BUA Industries Limited)	500,485,433	2.78%
Ayodele Abioye	250,000	0.00%
Abdulasheed Olayiwola	250,000	0.00%
Kabiru Rabiul	1,401,654	0.01%
Chimaobi Kenneth Madukwe	442,135	0.00%
Rashid Ur Imran	-	0.00%
Finn Arnoldsen	250,000	0.00%
Total Directors Shareholdings	503,079,222	2.79%
Other Influential Shareholdings		
Rabiul Abdulsamad Isyaku	473,628,201	2.63%
Total Other Influential Shareholdings	473,628,201	2.63%
Free Float in Units and Percentage		
	850,690,610	4.73%
Free Float in Value (N)	55,294,889,650	

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, and 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 (2021: Nil).

PROPERTY, PLANT AND EQUIPMENT (PPE)

Information relating to changes in property, plant and equipment is disclosed in Note 13 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.

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Report of the directors

CHARITABLE DONATIONS

The Group made several charitable donations amounting to N142.31 million during the year ended 31 December 2022 (31 December 2021: N14.1million); they made donations of food items to host communities in Edu Local Government, Kwara State, donation of food items to selected communities in Kano State, donations of cash and food items to host communities in Rivers State, livestock feeds support to various farmers in North East, Gombe state, construction of Bus Stop for Kwara State College of Education, Lafiagi, and support for community policing, fire safety and road safety awareness programme in Edu Local Government Kwara State.

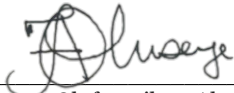
SUBSEQUENT EVENTS

There were no significant events after the reporting period which could have a material effect on the state of affairs of the Group as at 31 December 2022 and on the profit for the year ended on that date which have not been adequately provided for or disclosed in these financial statements.

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/00000007513

29 March 2023

BUA FOODS PLC

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Report of the audit committee

The Audit Committee is pleased to present this report for the financial year ended 31 December 2022 in compliance with Section 404 (7) of the Companies and Allied Matters Act 2020. The Committee has the oversight responsibility for the Company's financial statements.

The Audit Committee is an independent statutory committee appointed by the shareholders and the board. The committee performs its functions on behalf of BUA Foods Plc.

Audit Committee terms of reference

The Audit Committee has adopted a formal terms of reference as contained in its charter that has been approved by the board of Directors. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. It reports its findings to the Board and the Shareholders at the Annual General Meeting.

The Committee comprises of three shareholders, one of whom chairs it, and three Non-Executive Directors nominated by the Board and meet quarterly or whenever the need arises.

The Audit Committee meets at least four times per annum, with authority to convene additional meetings, as circumstances require.

Executive Directors, external auditors, internal auditors, financial management and other assurance providers attend meetings by invitation only.

Below is the list of members and the number of meetings held during the year.

Names	Date of meeting and attendance*	
	13-10-2022	14-12-2022
Musa Bichi	P	P
Eric Akinduro	P	P
Peters Nwokocha	P	P
Chimaobi Madukwe	P	P
Imran Rashid	P	P

Note: P - Present

*The members of the Statutory Audit Committee were elected by shareholders at the first annual general meeting of the Company (post conversion of the Company to Plc on 3rd December 2021) held on 4th August 2022. Hence, they only met twice during the financial year ended 31 December 2022.

Roles and responsibilities

The Audit Committee carried out its functions through the attendance of Audit Committee meetings and discussions with executive management, internal audit and external auditors.

Statutory duties

The Audit Committee's role and responsibilities include statutory duties as stipulated by the Companies and Allied Matters Act and further responsibilities assigned to it by the Board.

The Audit Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

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Report of the audit committee

External auditor appointment and independence

In terms of the provisions of the Companies and Allied Matters Act, the Audit Committee has satisfied itself that the external auditor, PricewaterhouseCoopers, is independent of the Company and has ensured that the appointment of the auditor complied with the Companies and Allied Matters Act and any other legislation relating to the appointment of auditors.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 31 December 2022.

Financial statements and accounting practices

The Audit Committee has reviewed the accounting policies and the financial statements of the Company and is satisfied that they are appropriate and comply with the International Financial Reporting Standards, the Companies and Allied Matters Act and the Securities and Exchange Commission listing requirements.

Internal financial controls

The Audit Committee has overseen a process by which internal audit performed an assessment of the effectiveness of the Company's system of internal control, including internal financial controls. The Audit Committee is satisfied with the effectiveness of the Company's internal financial controls.

Duties assigned by the Board

In addition to the statutory duties of the Audit Committee, as reported above, the Board of Directors has determined further functions for the audit committee to perform. These functions include the following:

(i) Going concern

The Audit Committee reviews the going concern status of the Company at each meeting and makes recommendations to the Board.

(ii) Governance of risk

The Audit Committee fulfills an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

(iii) Internal audit

The Audit Committee is responsible for ensuring that the Company's internal audit function is independent and has the necessary resources, standing and authority within the Company to enable it to discharge its duties.

The Audit Committee considered and recommended the internal audit charter for approval by the Board. The internal audit function's annual audit plan was approved by the Audit Committee.

(iv) Evaluation of the expertise and experience of the Chief Financial Officer and finance function

The Audit Committee has satisfied itself that the Chief Financial Officer has appropriate expertise and experience.

The Audit Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

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Report of the audit committee

In compliance with the Provisions of Section 404(7) of the Companies and Allied Matters Act 2020, we report as follows:

- We have ascertained and hereby confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- The scope and planning of audit requirements for the year ended 31 December 2022 are adequate;
- We are satisfied with the External Auditors' Management Report for the year ended 31 December 2022, as well as the response of the Management thereto.



Musa Bichi

Chairman Audit Committee

FRC/2013/CICMA/000000017778

29 March 2023

AUDIT COMMITTEE MEMBERS:

Musa Bichi	-	Chairman - Independent shareholder
Eric Akinduro	-	Member - Independent shareholder
Peters Nwokocha	-	Member - Independent shareholder
Chimaobi Madukwe	-	Member - Director
Imran Rashid	-	Member - Director

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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, and the Financial Reporting Council of Nigeria 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 Rabiou CFR, CON

Chairman

FRC/2014/IODN/00000010111

29 March 2023



Ayodele Musibau Abioye

Managing Director

FRC/2022/PRO/FORMC07/003/00000
023864

29 March 2023



Abdulrasheed Adebayo Olayiwola

Executive Director and the Chief Financial
Officer

FRC/2014/ICAN/00000010407

29 March 2023

BUA FOODS PLC

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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 for the year ended 31 December 2022.

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 2022.



Ayodele Musibau Abioye

Managing Director

FRC/2022/PRO/FORMCo7/003/00000023864
29 March 2023



Abdulrasheed Adebayo Olayiwola

Executive Director and the Chief
Financial Officer

FRC/2014/ICAN/00000010407
29 March 2023



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 2022, 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 2022;
- the consolidated and separate statements of financial position as at 31 December 2022;
- 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
<p><i>Accounting for Equity-settled share-based payment (Refer to notes 2.13(ii), 4.1.3 and 7a to the financial statements)</i></p> <p>As at 31 December 2022, the directors recognised share based payment expense of N1.9 billion relating to the fair value of the equity settled shares allotted to employees for past services rendered.</p> <p>In May 2022, 31.91 million units of shares were issued to 324 staff members. These shares had previously been kept with independent trustees to hold in trust for employees prior to the listing of the company. The shares were issued to the staff to meet the listing requirements of the Nigerian Exchange Group. The shares vested immediately during the financial year.</p> <p>We focused on this area due to the materiality of the expense and because the directors exercised significant judgement in estimating the expense.</p> <p>The area where significant judgement was exercised by the directors include:</p> <ul style="list-style-type: none"> • methodology used to account for the transaction; • determination of the price to be used to value the shares in the computations of equity settled share-based payment. <p>This is a key audit matter in both the consolidated and separate financial statements.</p>	<ul style="list-style-type: none"> • We gained an understanding of the methodology applied by the directors in accounting for the transaction. • With the help of our experts, we checked the appropriateness of the methodology against the requirements of IFRS 2: Share-based payment. • We adopted a substantive approach in assessing the appropriateness of the share-based payment expense. Specifically, we performed the following procedures: <ul style="list-style-type: none"> - we obtained and reviewed the executed Shares Trust Deed for the transfer of the shares to the Company's employees and checked the details of shares to ensure consistency with the board resolution; - we obtained the market price of the share independently from the Nigerian Exchange Group's portal to ensure accuracy of the share price. • We evaluated the 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, Report of the audit committee, 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 2022 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 2022 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.


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

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



31 March 2023

BUA FOODS PLC

Annual report and financial statements

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

For the year ended 31 December 2022

		Group 31 December 2022 N'000	Group 31 December 2021 N'000	Company 31 December 2022 N'000	Company 31 December 2021 N'000
Note					
Revenue from contracts with customers	5	418,347,770	333,272,234	300,877,115	230,517,695
Cost of sales	6	(285,555,236)	(230,312,612)	(219,137,086)	(161,234,006)
Gross profit		132,792,534	102,959,622	81,740,029	69,283,689
Administrative expenses	7	(18,733,919)	(14,626,871)	(16,840,058)	(12,477,991)
Net impairment writeback on financial assets	9	2,376,501	143,283	2,376,501	143,283
Selling and distribution expenses	8	(14,185,483)	(10,135,699)	(10,743,161)	(7,412,040)
Other income	10	15,242,660	1,554,540	57,502,799	30,552,756
Operating profit		117,492,293	79,894,875	114,036,110	80,089,697
Finance income	11	39,721	2,892,019	39,721	2,892,019
Finance cost	11	(8,721,781)	(5,047,646)	(7,939,988)	(4,363,670)
Finance costs - net		(8,682,060)	(2,155,627)	(7,900,267)	(1,471,651)
Minimum tax charge	12a	(1,580,531)	(270,527)	(1,580,531)	(270,527)
Profit before income tax		107,229,702	77,468,721	104,555,312	78,347,519
Income and deferred tax expense	12a	(15,885,684)	(7,700,636)	(15,885,684)	(7,700,636)
Profit after tax		91,344,018	69,768,085	88,669,628	70,646,883
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		91,344,018	69,768,085	88,669,628	70,646,883
Earnings per share					
Basic and diluted earnings per share (EPS) (Naira)	22.2	5.07	4.24	4.93	4.29

The accompanying notes on pages 23 to 61 are an integral part of the consolidated and separate financial statements.

BUA FOODS PLC

Annual report and financial statements

Consolidated and separate statements of financial position

As at 31 December 2022

	Note	Group		Company	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		N'000	N'000	N'000	N'000
Assets					
Non-current assets					
Property, plant and equipment	13	330,523,752	321,675,653	251,073,929	248,630,430
Right-of-use assets	14	31,165	1,036,460	31,165	32,008
Biological assets	15	-	543,901	-	-
Investment in subsidiaries	26	-	-	407,670	407,670
Total non-current assets		330,554,917	323,256,014	251,512,764	249,070,108
Current assets					
Inventories	16	29,760,594	24,926,471	19,184,468	15,249,639
Trade receivables and other assets	17	119,325,516	52,160,076	114,988,875	52,142,637
Cash and balances with banks	18	32,163,428	30,338,785	32,111,028	30,314,360
Due from related parties	25b	95,420,170	162,788,169	171,396,018	235,897,154
Total current assets		276,669,708	270,213,501	337,680,389	333,603,790
Total assets		607,224,625	593,469,515	589,193,153	582,673,898
Equity					
Share capital	22	9,000,000	9,000,000	9,000,000	9,000,000
Reorganisation reserves		(943,228)	(943,228)	391,961	391,961
Retained earnings		222,904,564	192,661,901	218,769,116	191,200,843
Total equity		230,961,336	200,718,673	228,161,077	200,592,804
Liabilities					
Non-current liabilities					
Deferred tax liabilities	12c	33,776,943	15,225,186	33,776,943	15,225,186
Borrowings	19	3,475,257	4,889,870	3,475,257	4,889,870
Lease liabilities	14b	33,558	33,611	33,558	33,611
Government grants	21	206,665	-	206,665	-
Deposit for shares	25b	32,243,723	32,243,723	32,243,723	32,243,723
Total non-current liabilities		69,736,146	52,392,390	69,736,146	52,392,390
Current liabilities					
Contract liabilities	5b	47,139,328	40,931,459	47,139,328	40,931,459
Current income tax payable	12b	9,903,788	12,778,745	9,903,788	12,778,745
Lease liabilities	14b	4,193	4,292,441	4,193	4,165
Bank overdraft	18	4,490,873	2,851,413	4,490,873	2,851,413
Borrowings	19	208,195,755	241,159,110	208,195,755	241,159,110
Trade and other payables	20	36,744,571	38,345,284	21,513,358	31,963,812
Government grants	21	48,635	-	48,635	-
Total current liabilities		306,527,143	340,358,452	291,295,930	329,688,704
Total liabilities		376,263,289	392,750,842	361,032,076	382,081,094
Total equity and liabilities		607,224,625	593,469,515	589,193,153	582,673,898

The accompanying notes on pages 23 to 61 are an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 18 to 64 were approved and authorised for issue by the Board of Directors on 29 March 2023 and were signed on its behalf by:

Abdul Samad Rabi'u CFR, CON
Chairman
FRC/2014/IODN/00000010111

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

Ayodele Musilau Abioye
Managing Director
FRC/2022/PRO/FORMCO7/003/0000
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BUA FOODS PLC

Annual report and financial statements

Consolidated and separate statements of changes in equity

For the year ended 31 December 2022

Group		Share capital	Reorganisation reserves	Retained earnings	Total
	Note	N'000	N'000	N'000	N'000
Balance at 1 January 2022		9,000,000	(943,228)	192,661,901	200,718,673
Profit for the year		-	-	91,344,018	91,344,018
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	91,344,018	91,344,018
<i>Transactions with owners:</i>					
Dividend		-	-	(63,000,000)	(63,000,000)
Share based payments	7a	-	-	1,898,645	1,898,645
		-	-	(61,101,355)	(61,101,355)
Balance at 31 December 2022		9,000,000	(943,228)	222,904,564	230,961,336
		Share capital	Reorganisation reserves	Retained earnings	Total
	Note	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
<i>Transactions with owners:</i>					
Bonus shares issued		8,954,507	-	(8,954,507)	-
Additional shares allotted 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

The accompanying notes on pages 23 to 61 are an integral part of the consolidated and separate financial statements.

BUA FOODS PLC

Annual report and financial statements

Consolidated and separate statements of changes in equity

For the year ended 31 December 2022

Company		Share capital	Reorganisation reserves	Retained earnings	Total
	Note	N'000	N'000	N'000	N'000
Balance at 1 January 2022		9,000,000	391,961	191,200,843	200,592,804
Profit for the year		-	-	88,669,628	88,669,628
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	88,669,628	88,669,628
<i>Transactions with owners:</i>					
Dividend		-	-	(63,000,000)	(63,000,000)
Share based payments	7a	-	-	1,898,645	1,898,645
		-	-	(61,101,355)	(61,101,355)
Balance at 31 December 2022		9,000,000	391,961	218,769,116	228,161,077
		Share capital	Reorganisation reserves	Retained earnings	Total
	Note	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
<i>Transactions with owners:</i>					
Bonus shares issued		8,954,507	-	(8,954,507)	-
Additional shares allotted 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

The accompanying notes on pages 23 to 61 are an integral part of the consolidated and separate financial statements.

BUA FOODS PLC

Annual report and financial statements

Consolidated and separate statement of cash flows

For the year ended 31 December 2022

		Group 31 December 2022 N'000	Group 31 December 2021 N'000	Company 31 December 2022 N'000	Company 31 December 2021 N'000
	Note				
Cash flows from operating activities					
Cash generated from/(used in) operations	23	126,256,592	941,638	115,080,473	(2,902,888)
Tax paid	12b	(1,789,414)	(69,948)	(1,789,414)	(69,948)
Net cash generated from/(used in) operating activities		124,467,178	871,690	113,291,059	(2,972,836)
Cash flows from investing activities					
Purchase of property, plant and equipment	13c	(15,480,307)	(107,283,678)	(9,402,234)	(103,455,505)
Interest received	11	39,721	2,892,019	39,721	2,892,019
Net cash used in investing activities		(15,440,586)	(104,391,659)	(9,362,513)	(100,563,486)
Cash flows from financing activities					
Proceeds from borrowings	19b	276,336,593	269,733,940	276,336,593	269,733,940
Repayment of borrowings	19b	(310,410,627)	(153,138,049)	(310,410,627)	(153,138,049)
Interest paid on borrowings	19b	(7,206,426)	(1,765,432)	(6,696,357)	(1,765,432)
Lease payments	14b	(4,560,949)	(39,611)	(948)	(39,611)
Dividend paid		(63,000,000)	-	(63,000,000)	-
Net cash (used in)/generated from financing activities		(108,841,409)	114,790,849	(103,771,338)	114,790,848
Net increase in cash and cash equivalents		185,183	11,270,880	157,208	11,254,527
Cash and cash equivalents at the beginning of the year		27,487,372	16,216,492	27,462,947	16,208,420
Cash and cash equivalents at the end of the year	18	27,672,555	27,487,372	27,620,155	27,462,947

The accompanying notes on pages 23 to 61 are an integral part of the consolidated and separate financial statements.

BUA FOODS PLC

Annual report and financial statements

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

1 General information

BUA Foods Plc 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 the Companies and Allied Matters Act 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, and was listed in the Nigerian Exchange Group (NGX) on 5 January 2022.

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 Rabi CFR, 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 2022 comprise the Company and its subsidiaries- BUA Sugar Refinery FZE and LASUCO Sugar Company Limited ("Subsidiaries").

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), the Financial Reporting Council of Nigeria Act, 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, with the exception of biological assets which is measured at fair value.

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.

BUA FOODS PLC

Annual report and financial statements

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

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. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, the Group takes into consideration all the following;

- (a) power over the investee;
- (b) exposure, or rights to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

The Group at least at each period end, re-assess whether it controls the investee by checking if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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 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 2022. The adoption of this amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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.

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.

BUA FOODS PLC

Annual report and financial statements

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

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

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.

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.

2018-2020 Annual improvements to IFRS standards - IFRS 9 and IFRS 16

IFRS 9 Financial Instruments - This improvement 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.

IFRS 16 Leases – This improvement amends the illustrative example 13 in the standard. It removes the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

(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 2022 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:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Effective 1 January 2023)

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.

BUA FOODS PLC

Annual report and financial statements

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

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

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

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.

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 with the following features:

- 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.

BUA FOODS PLC

Annual report and financial statements

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

2.2 Segment information (continued)

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 financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the subsidiaries is the Nigerian Naira. The consolidated financial statements are presented in Nigerian Naira, which is the Group's functional and presentation currency.

(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 initially at historical cost less accumulated depreciation and less any accumulated 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.

An item of property, plant and equipment is derecognised upon disposal or when no economic benefit is expected from its use. Any gains or losses arising on derecognition is included in the statement of profit or loss when the asset is derecognised.

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
Bearer plants	8
Trucks	5
Office equipment	5

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 loss.

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.

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2.4.1 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 or Loss for the period in which it arises. The Group has elected to measure biological assets at fair value less cost to sell.

2.4.2 Bearer Plants

A living plant that:

- is used in the production or supply of agricultural produce
- is expected to bear produce for more than one period, and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are classified as immature until the produce can be commercially harvested. At that point they are reclassified and depreciation commences in line with IAS 16. Immature bearer plants are measured at accumulated cost.

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.

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 balances with banks. 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.

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2.6 Financial instruments (continued)

(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 payables, accrued audit fees, other payables and accrued expenses, 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.

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.

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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.

2.1 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.

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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 taxes

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

(i) 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.

(ii) Share-based payment transactions

BUA Foods Plc awards certain employees of the Company performance shares and stock options which constitute equity settled share-based payment transactions. In accordance with IFRS 2 - Share-based Payments, the fair value of the plans concerned, which corresponds to the fair value of the services rendered by the beneficiaries, is measured at the grant date.

Share-based payment expenses should be recognised over the period during which the employees provide the relevant services.

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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.

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.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

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.

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2.15 Lease liabilities (continued)

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

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. The Group recognises both the principal and interest payment of lease as financing activities under the statement of cash flow. 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 (ROU) assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

ROU assets and lease liabilities are presented separately on the face of the statement of financial position.

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 Group.

Leases in which the Group is a lessor

Rental income from operating 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.

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2.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group received a government grant in form of a low interest loan to finance agricultural backward integration projects such as rice mills, and machinery acquisition. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The Group has elected to present the grant in the statement of financial position as a liability, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

2.17 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.

2.18 Share capital, reserves and dividends

(i) Share capital

The Company has only one class of shares i.e. ordinary shares. Ordinary shares are classified as equity.

(ii) Reserves

Reserves include all current and prior period retained earnings, and reorganisation reserve.

Reorganisation reserve consists of the Company's merger transactions with entities under common control.

(iii) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the company. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position.

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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 receivables, other debtors, due from related parties, cash and balances with banks, trade and other payables, due to related parties, bank overdraft, borrowings, and lease liabilities.

(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 2022. The major balance relates to short term Import Finance Facilities (IFF) from several Nigerian banks. The Company's foreign currency liabilities are analysed below:

Foreign currency denominated balances	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Financial liabilities				
Borrowings	233,040,035	86,924,725	233,040,035	86,924,725

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 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Effect of 10% increase in USD exchange rate	23,304,003	8,692,473	23,304,003	8,692,473
Effect of 10% decrease in USD exchange rate	(23,304,003)	(8,692,473)	(23,304,003)	(8,692,473)
Effect of 15% decrease in USD exchange rate	34,956,005	13,038,709	34,956,005	13,038,709
Effect of 15% decrease in USD exchange rate	(34,956,005)	(13,038,709)	(34,956,005)	(13,038,709)

At 31 December 2022, 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 N23.3 billion (2021: N8.69 billion) lower or higher. If it had weakened or strengthened by 15%, N34.96 billion (2021: N13.04 billion) 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.

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3.1 Financial risk factors (continued)

(iii) Interest rate risk

The Group's interest rate risk arises from current and non-current borrowings. 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.

Borrowings	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Effect of 5% increase in interest rates	(68,927)	(73,919)	(68,927)	(73,919)
Effect of 5% decrease in interest rates	68,927	73,919	68,927	73,919

At 31 December 2022, if the interest rates had increased or decreased by 5% with all the variables held constant, pre-tax profit for the year would have been N68.93 million (2021: N73.9 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 2022

Financial assets:	1-90 days	91 - 365 days	Over 365 days	Total
	N'000	N'000	N'000	N'000
Trade receivables (Note 17)	551,020	120	113	551,253
Other debtors (Note 17)	-	107,040,452	-	107,040,452
Due from related parties (Note 25b)	-	242,356,632	-	242,356,632
	551,020	349,397,204	113	349,948,337

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 receivables (Note 17)	1,851,393	174,405	128,561	2,154,359
Other debtors (Note 17)	-	47,226,930	-	47,226,930
Due from related parties (Note 25b)	-	219,197,759	-	219,197,759
	1,851,393	266,599,094	128,561	268,579,048

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3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Company

At 31 December 2022

Financial assets:	1-90 days	91 - 365 days	Over 365 days	Total
	N'000	N'000	N'000	N'000
Trade receivables (Note 17)	547,275	120	113	547,508
Other debtors (Note 17)	-	107,040,452	-	107,040,452
Due from related parties (Note 25b)	-	250,809,523	-	250,809,523
	547,275	357,850,095	113	358,397,483

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 receivables (Note 17)	1,851,393	174,405	128,561	2,154,359
Other debtors (Note 17)	-	47,226,278	-	47,226,278
Due from related parties (Note 25b)	-	244,192,237	-	244,192,237
	1,851,393	291,592,920	128,561	293,572,874

Credit quality of cash and balances with banks

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

Credit rating	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
A+	3,303,283	4,993,242	3,303,283	4,993,242
A	405,591	1,012,498	405,591	1,012,498
AA	224,434	107,950	224,434	107,950
AA-	1,177,650	146,945	1,168,347	146,945
AAA	58,973	63,054	58,973	63,054
B-	-	342,593	-	342,593
BBB	869,058	11,066,611	830,173	11,059,973
BBB+	11,555,011	5,060,630	11,555,011	5,060,630
BBB-	-	6,692,544	-	6,692,544
Not Rated (NR)	14,569,428	852,719	14,565,215	834,932
	32,163,428	30,338,785	32,111,028	30,314,360

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.

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

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.

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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 2022	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 18)	4,490,873	-	-	4,490,873
Trade and other payables (Note 20)	8,162,178	-	-	8,162,178
Borrowings (Note 19)	208,195,755	2,444,830	1,237,092	211,877,677
Lease liabilities (Note 14)	4,193	33,558	-	37,751
	220,852,999	2,478,388	1,237,092	224,568,479

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 18)	2,851,413	-	-	2,851,413
Trade and other payables (Note 20)	6,982,071	-	-	6,982,071
Borrowings (Note 19)	241,159,110	5,123,742	1,862,536	248,145,388
Lease liabilities (Note 14)	4,292,441	10,146	25,364	4,327,951
	255,285,035	5,133,888	1,887,900	262,306,823

Company

At 31 December 2022	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 18)	4,490,873	-	-	4,490,873
Trade and other payables (Note 20)	6,308,070	-	-	6,308,070
Borrowings (Note 19)	208,195,755	2,444,830	1,237,092	211,877,677
Lease liabilities (Note 14)	4,193	33,558	-	37,751
	218,998,891	2,478,388	1,237,092	222,714,371

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 18)	2,851,413	-	-	2,851,413
Trade and other payables (Note 20)	6,641,080	-	-	6,641,080
Borrowings (Note 19)	241,159,110	5,123,742	1,862,536	248,145,388
Lease liabilities (Note 14)	4,165	10,146	25,364	39,675
	250,655,768	5,133,888	1,887,900	257,677,556

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

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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 2022		At 31 December 2021	
	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 receivables and other assets (Note 17)	107,578,798	-	48,967,807	-
Due from related parties (Note 25b(i))	236,037,475	-	210,902,676	-
Cash and balances with banks (Note 18)	32,163,428	-	30,338,785	-
Financial liabilities				
Bank overdraft (Note 18)	-	4,490,873	-	2,851,413
Trade and other payables (Note 20)	-	8,162,178	-	6,982,071
Lease liabilities (Note 14)	-	37,751	-	4,326,052
Borrowings (Note 19)	-	211,671,012	-	246,048,980
	375,779,701	224,361,814	290,209,268	260,208,516

Company

	At 31 December 2022		At 31 December 2021	
	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 receivables and other assets (Note 17)	107,575,053	-	48,967,155	-
Due from related parties (Note 25b(i))	244,490,366	-	235,897,154	-
Cash and balances with banks (Note 18)	32,111,028	-	30,314,360	-
Financial liabilities				
Bank overdraft (Note 18)	-	4,490,873	-	2,851,413
Trade and other payables (Note 20)	-	6,308,070	-	6,641,080
Lease liabilities (Note 14)	-	37,751	-	37,776
Borrowings (Note 19)	-	211,671,012	-	246,048,980
	384,176,447	222,507,706	315,178,669	255,579,249

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.

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3-5 Capital risk management (continued)

The gearing ratios at 31 December 2022 and 2021 are as follows:

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Net debt (Note 19c)	183,998,457	218,561,608	184,050,856	218,586,033
Total equity	230,961,336	200,718,673	228,161,077	200,592,804
Gearing ratio	80%	109%	81%	109%

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.

The Group considers this to be a critical accounting estimate because any material change in the useful lives of the Group's property, plant and equipment would significantly impact the Group's ability to generate future cashflows, and depending on the asset, would have a material impact on the value of property, plant and equipment and may decrease/increase the Company's net profit/loss.

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. The financial effect of revising lease terms to reflect the effect of exercising extension and termination options causes change in the recognised lease liabilities and right-of-use assets. During the financial year, there were no revised lease terms.

4.1.3 Share-based payment transactions

The Group exercised significant judgement in estimating the share based payment expense. The area where significant judgement was exercised by the directors relates to the determination of the share price used for the computation of the equity settled share based payment.

The directors recognised share base payment expense of 1.9 billion relating to the fair value of the equity settled shares allotted to employees for past service rendered. In this instance, the Group could not accurately value the services provide by the employee, management consequently benchmarked the value to the shares of the Group. with the share price determined through appropriate methodology and judgement of the Group. The share base expense was determined by multiplying the total shares allocated by the share price.

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4 Critical accounting estimates, judgments (continued)

4.1.4 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 expected credit loss model are as follows:

- Trade receivables
- Amount due from related parties and;
- Other debtors
- Cash and balances with banks.

While other debtors, and cash and balances with banks are also subject to the impairment requirements, the identified impairment loss was immaterial.

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 2022 are as follows:

Group and Company

Age of trade receivables	0 - 30 days N'ooo	31 - 90 days N'ooo	91 - 180 days N'ooo	181 - 365 days N'ooo	Over 365 days N'ooo	Total N'ooo
Gross carrying amount	455,204	95,816	120	-	113	551,253
Default rate	1.37%	6.75%	55.74%	86.75%	100%	
Lifetime ECL	6,258	6,469	67	-	113	12,907
Net trade receivables	448,946	89,347	53	-	-	538,346

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

Group and Company

Age of trade receivables	0 - 30 days N'ooo	31 - 90 days N'ooo	91 - 180 days N'ooo	181 - 365 days N'ooo	Over 365 days N'ooo	Total N'ooo
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.

	Stage 1 12-month ECL N'ooo	Stage 2 Lifetime ECL N'ooo	Stage 3 Lifetime ECL N'ooo	Total N'ooo
At 31 December 2022				
Gross EAD*	242,356,632	-	-	242,356,632
Loss allowance as at 31 December 2022	(6,319,157)	-	-	(6,319,157)
Net EAD	236,037,475	-	-	236,037,475

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4.1.4 Impairment of financial assets (continued)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
At 31 December 2021	N'000	N'000	N'000	N'000
Gross EAD*	219,197,759	-	-	219,197,759
Loss allowance as at 31 December 2021	(8,435,306)	-	-	(8,435,306)
Net EAD	210,762,453	-	-	210,762,453

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

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 financial performance.

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. Other debtors

The Company also assessed other debtors to determine their expected credit losses. Based on this assessment, they identified the expected losses on other debtors as at 31 December 2022 and 31 December 2021 to be insignificant, as the loss rate is deemed immaterial. Other debtors are assessed to be in stage 1.

iv. Cash and balances with banks

The Company also assessed the cash and balances with banks to determine their expected credit losses. Based on this assessment, they identified the expected losses on cash as at 31 December 2022 and 31 December 2021 to be insignificant, as the loss rate is deemed immaterial. Cash and balances with banks are assessed to be in stage 1.

Sensitivity of estimates used in ECL

Estimation uncertainty in measuring impairment loss

In establishing sensitivity to ECL estimates for trade receivables and related parties receivables, three variables (GDP growth rate, Brent Oil Price, 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:

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Sensitivity of estimates used in ECL (continued)

i Trade receivables (continued)

	Effect on profit before tax			
	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Increase/decrease in estimated cash flows				
+10%	1,291	91,086	1,291	91,086
-10%	(1,291)	(91,086)	(1,291)	(91,086)

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:

	2022 Effect on expected credit loss		
	Brent Oil Price		
	-10% Held constant N'000	+10% N'000	
Inflation rate			
+10%	292	830	1,367
Held constant	(538)	-	538
-10%	(1,367)	(830)	(292)
	2021 Effect on expected credit loss		
	Brent Oil Price		
	-10% Held constant N'000	+10% N'000	
Inflation rate			
+10%	5,738	23,714	41,690
Held constant	(17,976)	-	17,976
-10%	(41,690)	(23,714)	(5,738)

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		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Increase/decrease in PD				
+10%	(258,358)	(417,391)	(258,358)	(417,391)
-10%	258,358	417,391	258,358	417,391

Loss given default (LGD)

	Effect on profit before tax			
	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Increase/decrease in loss given default				
+10%	(609,291)	(842,171)	(609,291)	(842,171)
-10%	609,291	842,171	609,291	842,171

Forward looking macroeconomic indicators

	2022 Effect on expected credit loss		
	Brent Oil Price		
	-10% Held constant N'000	+10% N'000	
GDP growth rate			
+10%	(434,353)	(307,399)	(180,446)
Held constant	(126,953)	-	126,953
-10%	180,446	307,399	434,353
	2021 Effect on expected credit loss		
	Brent Oil Price		
	-10% Held constant N'000	+10% N'000	
Inflation rate			
+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

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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 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Sales - Sugar (Non-fortified)	145,164,463	79,156,351	84,190,273	74,314,267
Sales - Sugar (Fortified)	129,242,980	129,837,641	73,027,818	32,048,628
Sales - Molasses	743,033	439,023	461,730	315,581
Sales - Pasta	57,247,363	54,401,629	57,247,363	54,401,629
Sales - Bakery Flour	79,687,571	64,191,750	79,687,571	64,191,750
Sales - Bran	6,262,360	5,245,840	6,262,360	5,245,840
	418,347,770	333,272,234	300,877,115	230,517,695

Nigeria is the Group's major geographical segment as 86% of the Group's revenue is earned from sales in Nigeria (2021: 100%). See note 27 for detailed information on Segment reporting.

All of the Group's revenue is derived from sale of similar products with similar performance obligation. Additionally, the Group's transactions in 2022 with two major customers which contributed more than 10% of the total revenue from the sale of sugar is N53.91 billion (2021: N23.3 billion from one major customer).

b Liabilities related to contracts with customers

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

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Contract liabilities – advance payment from customers*	47,139,328	40,931,459	47,139,328	40,931,459

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Balance as at 1 January	40,931,459	25,286,669	40,931,459	25,286,669
Payments received in advance of satisfaction of performance	47,139,328	40,931,459	47,139,328	40,931,459
Revenue recognised for goods previously paid for	(40,931,459)	(25,286,669)	(40,931,459)	(25,286,669)
	47,139,328	40,931,459	47,139,328	40,931,459

*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	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
6 Cost of sales				
Cost of raw materials consumed	260,181,432	211,205,886	199,146,326	145,170,178
Factory production overhead	14,119,572	13,077,833	11,548,565	11,039,388
Depreciation of property, plant and equipment (Note 13a)	3,855,671	4,525,882	3,710,296	4,525,882
Depreciation of right-of-use assets (Note 14c)	1,005,295	1,010,905	842	6,452
Management fee (Note 25a)	5,911,271	-	4,249,062	-
Direct labour	481,995	492,106	481,995	492,106
	285,555,236	230,312,612	219,137,086	161,234,006

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	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
7 Administrative expenses				
Audit fees	109,590	93,338	109,205	80,300
Staff cost (Note 7a)	6,446,622	2,992,414	5,255,291	2,236,645
Donations	142,317	14,148	108,321	2,500
Depreciation of property, plant and equipment (Note 13a)	3,320,438	2,869,848	3,248,438	2,794,886
Rent and rates	98,378	139,841	33,717	128,679
General expenses	5,385,412	2,316,642	5,125,327	1,264,728
Security	69,912	84,967	38,341	64,805
Travel and transportation	204,588	15,564	203,400	15,564
Subscriptions	7,398	7,367	4,788	4,744
Legal and Professional expenses	45,053	162,456	45,053	161,327
Hotel and accommodation	104,469	64,389	95,621	62,202
Advertisement	81,722	21,192	77,044	20,664
Electricity	180,698	108,191	106,981	104,614
Other expenses	1,005,862	2,553,581	873,569	2,538,228
Entertainment	13,426	4,255	3,230	2,622
Training	1,495	85	1,495	85
Bank charges	1,465,320	3,135,055	1,465,215	2,956,769
Printing and Stationery	51,219	43,538	45,021	38,629
	18,733,919	14,626,871	16,840,058	12,477,991

Details of professionals that provided services to the Company during the year are below:

a) Details of professionals that provided assurance services to the Company during the year:

There were no non-audit services provided by other professionals in respect of the financial statements during the year.

b) Details of other services rendered by the auditors:

Services rendered	Applicable fees N'000
Organizational Structure Redesign and Management Assessment	45,735

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
a Staff cost				
Staff salaries	4,235,603	2,726,455	3,052,248	1,977,386
Terminal benefit	174,408	200,000	174,408	200,000
Pension (employer contribution)	9,778	8,019	9,778	8,019
Staff welfare and training	55,509	3,725	50,388	1,335
Medical	25,969	25,314	23,114	21,004
Other staff costs	46,710	28,901	46,710	28,901
Share based payment expense*	1,898,645	-	1,898,645	-
	6,446,622	2,992,414	5,255,291	2,236,645

*This relates to 31.9 million units of shares allotted to 324 staff members for past services rendered. The grant date of the equity settled share based payments was May 6 2022 with a fair value of N59,50k per share. The share price was determined through publicly available information and management judgement. The shares vested immediately during the year.

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
8 Selling and distribution cost				
Haulage expense	13,406,911	9,843,184	10,641,607	7,119,526
Other selling and marketing expenses	778,572	292,515	101,554	292,514
	14,185,483	10,135,699	10,743,161	7,412,040

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	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
9 Net impairment write-back on financial assets				
Decrease in loss allowance on trade receivables (Note 17a)	(400,575)	(1,483)	(400,575)	(1,483)
Decrease in loss allowance on due from related parties (Note 25c)	(1,975,926)	(141,800)	(1,975,926)	(141,800)
	(2,376,501)	(143,283)	(2,376,501)	(143,283)

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
10 Other income				
Rental income	1,520,000	1,520,000	1,520,000	1,520,000
Sundry income	13,651,059	14,037	13,646,343	12,253
Dividend income*	-	-	42,264,855	29,000,000
Release of government grant (Note 21)	48,635	-	48,635	-
Sales - Scrap	22,966	20,503	22,966	20,503
	15,242,660	1,554,540	57,502,799	30,552,756

Sundry income represent excess provisions for statutory obligations recognised in previous years no longer required.

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

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
11 Finance income/(cost)				
Finance income				
Interest income	39,721	2,892,019	39,721	2,892,019
	39,721	2,892,019	39,721	2,892,019
Finance cost				
Interest expense on overdraft	(1,242,707)	(1,377,825)	(1,242,707)	(1,377,825)
Interest expense on borrowings (Note 19b)	(7,206,426)	(2,980,794)	(6,696,357)	(2,980,794)
Interest on lease liabilities (Note 14b)	(272,648)	(689,027)	(923)	(5,051)
	(8,721,781)	(5,047,646)	(7,939,988)	(4,363,670)
Net finance cost	(8,682,060)	(2,155,627)	(7,900,267)	(1,471,651)

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
12 Taxation				
a Income tax expense				
Minimum tax	1,580,531	270,527	1,580,531	270,527
Company Income tax	(4,441,671)	4,893,407	(4,441,671)	4,893,407
Tertiary education tax	1,770,121	1,417,337	1,770,121	1,417,337
Police levy fund	5,477	2,486	5,477	2,486
	(2,666,073)	6,313,230	(2,666,073)	6,313,230
Deferred tax charge	18,551,757	1,387,406	18,551,757	1,387,406
Tax charge	15,885,684	7,700,636	15,885,684	7,700,636

b Current income tax payable
The movement in tax payable is as follows:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	12,778,745	6,264,936	12,778,745	6,264,936
Provision for the year (Note 12a)	(1,091,020)	6,581,271	(1,091,020)	6,581,271
Police trust fund levy	5,477	2,486	5,477	2,486
Payment during the period	(1,789,414)	(69,948)	(1,789,414)	(69,948)
Closing balance	9,903,788	12,778,745	9,903,788	12,778,745

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12 Taxation (continued)

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 2022 and 31 December 2021 is as follows:

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Profit before tax	107,229,702	77,468,721	104,555,312	78,347,519
Tax at 30% statutory tax rate	32,168,911	23,240,616	31,366,594	23,504,256
Adjustments:				
Tertiary education tax	(1,770,121)	(1,417,337)	(1,770,121)	(1,417,337)
Effect of permanent difference	(12,927,099)	(14,354,074)	(12,124,782)	(14,617,714)
Minimum tax adjustment	(1,580,531)	(270,527)	(1,580,531)	(270,527)
Police levy fund	(5,477)	(2,486)	(5,477)	(2,486)
Tax charge for the year	15,885,684	7,700,636	15,885,684	7,700,636
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
c Deferred tax liabilities				
Opening balance	15,225,186	13,837,780	15,225,186	13,837,780
Deferred tax charge	18,551,757	1,387,406	18,551,757	1,387,406
Closing balance	33,776,943	15,225,186	33,776,943	15,225,186

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 2022	18,023,797	-	(2,798,611)	15,225,186
Charged to profit or loss	18,551,757	-	-	18,551,757
At 31 December 2022	36,575,554	-	(2,798,611)	33,776,943
	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
Company	Property, plant and equipment N'000	Unrealised exchange difference N'000	Provisions N'000	Total N'000
At 1 January 2022	18,023,797	-	(2,798,611)	15,225,186
Charged to profit or loss	18,551,757	-	-	18,551,757
At 31 December 2022	36,575,554	-	(2,798,611)	33,776,943
	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

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13 Property, plant and equipment

Group	Land and Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Trucks	Office equipment	Bearer Plant*	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 2022	11,230,841	170,861,519	299,608	717,671	2,097,662	520,431	-	174,803,817	360,531,549
Additions during the year	28,337	195,746	51,822	121,818	-	110,919	704,712	14,810,854	16,024,207
Transfer	2,039,868	14,172,992	-	-	-	-		(16,212,859)	-
At 31 December 2022	13,299,046	185,230,257	351,430	839,489	2,097,662	631,350	704,712	173,401,812	376,555,756
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
Accumulated depreciation									
At 1 January 2022	1,873,159	33,874,407	177,734	579,716	1,999,613	351,267	-	-	38,855,895
Depreciation charge for the year	264,630	6,618,627	69,854	71,489	98,049	53,460	-	-	7,176,109
At 31 December 2022	2,137,789	40,493,034	247,588	651,205	2,097,662	404,727	-	-	46,032,004
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
Net book value									
At 31 December 2022	11,161,256	144,737,223	103,842	188,284	-	226,623	704,712	173,401,812	330,523,752
At 31 December 2021	9,357,682	136,987,112	121,874	137,955	98,049	169,164	-	174,803,817	321,675,653

*Bearer plants relates to accumulated cost on plantation development expenditure and unharvested canes which are still classified as immature as at the end of the reporting period and consequently not depreciated based on the provision of IAS 16.

At year end, Land accounted for N1.58 billion of the total land and buildings balance (2021: N1.09 billion).

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13 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 2022	10,253,300	170,030,777	140,079	624,349	2,097,662	142,350	103,460,505	286,749,022
Additions during the year	42,575	182,273	44,178	62,217	-	56,570	9,014,420	9,402,234
Transfer	2,039,868	14,172,992	-	-	-	-	(16,212,860)	-
At 31 December 2022	12,335,743	184,386,042	184,257	686,567	2,097,662	198,920	96,262,065	296,151,256
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
Accumulated depreciation								
At 1 January 2022	1,846,970	33,535,576	100,711	524,024	1,999,613	111,698	-	38,118,592
Depreciation charge for the year	266,276	6,467,689	41,834	51,870	98,049	33,015	-	6,958,734
At 31 December 2022	2,113,246	40,003,265	142,545	575,894	2,097,662	144,713	-	45,077,326
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
Net book value								
At 31 December 2022	10,222,497	144,382,776	41,712	110,673	-	54,206	96,262,065	251,073,929
At 31 December 2021	8,406,330	136,495,201	39,368	100,325	98,049	30,652	103,460,505	248,630,430

As at year end, Land accounted for N1.48 billion of the total land and buildings balance (2021: No.99 billion).

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13 Property, plant and equipment (continued)

a Analysis of depreciation charge on property, plant and equipment

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Recognised in cost of sales	3,855,671	4,525,882	3,710,296	4,525,882
Recognised in administrative expenses	3,320,438	2,869,848	3,248,438	2,794,886
	7,176,109	7,395,730	6,958,734	7,320,768

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

c Acquisition of property, plant and equipment (PPE) comprise:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Additions to PPE during the year (Note 13)	15,319,495	107,283,678	9,402,234	103,455,505
Additions to Bearer plant	160,812	-	-	-
Acquisition of property, plant and equipment in the statement of cash flows	15,480,307	107,283,678	9,402,234	103,455,505
Bearer plant reclassified to PPE (Note 15)	543,901	-	-	-
	16,024,208	107,283,678	9,402,234	103,455,505

14 Leases

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

a Right-of-use assets

	Group		Company	
Buildings	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cost	N'000	N'000	N'000	N'000
Opening balance as at 1 January	3,136,394	3,136,394	123,036	123,036
Additions during the year	-	-	-	-
Closing balance as at 31 December	3,136,394	3,136,394	123,036	123,036
Depreciation				
Opening balance as at 1 January	2,099,934	1,089,029	91,028	84,576
Charge for the year	1,005,295	1,010,905	842	6,452
Closing balance as at 31 December	3,105,229	2,099,934	91,870	91,028
Net book value	31,165	1,036,460	31,165	32,008

b Lease liabilities

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Opening balance as at 1 January	4,326,052	3,677,928	37,776	73,629
Interest expense	272,648	687,735	923	3,759
Payments made during the year	(4,560,949)	(39,611)	(948)	(39,611)
Closing balance as at 31 December	37,751	4,326,052	37,751	37,776

The total cash flow for all leases in the year ended 31 December 2022 was N4.56 billion for the Group and No.95 million for the Company (2021: N39.61 million for both Group and Company).

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14 Leases (continued)

Lease liabilities as at 31 December 2022 and 31 December 2021 are classified as follows:

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Current lease liabilities (Note 3.1c)	4,193	4,292,441	4,193	4,165
Non-current lease liabilities (Note 3.1c)	33,558	33,611	33,558	33,611
	37,751	4,326,052	37,751	37,776

c Amounts recognised in the statement of profit or loss

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Depreciation charge on right-of-use assets				
Recognised in cost of sales (Note 6)	1,005,295	1,010,905	842	6,452
Recognised in administrative expenses (Note 6)	-	-	-	-
	1,005,295	1,010,905	842	6,452
Interest expense on leases				
Recognised in finance costs (Note 11)	272,648	687,735	923	3,759

- d The weighted average incremental borrowing rate of the lease liabilities as at 31 December 2022 and 31 December 2021 is 11.5%.

15 Biological assets

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Plantation Development Expenditure	-	153,040	-	-
Unharvested Cane	-	390,861	-	-
	-	543,901	-	-

Plantation Development Expenditure represents cost on land preparation, planting and upkeeping of the sugarcane up to maturity. Unharvested Cane represents cost (cane seed, labour cost and other direct expenses) incurred on cultivated sugarcane. This has been reclassified to bearer plants as part of property, plant and equipment (see Note 13).

16 Inventories

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Raw materials	20,616,459	11,415,957	13,428,164	2,504,859
Work-in-Progress	417,647	327,155	251,120	221,749
Finished products	4,349,809	3,454,544	2,408,948	3,252,043
Packing materials	1,314,222	769,719	1,168,574	621,529
Consumables and spare parts	339,354	588,946	202,334	279,309
	27,037,491	16,556,321	17,459,140	6,879,489
Goods in transit	2,723,103	8,370,150	1,725,328	8,370,150
	29,760,594	24,926,471	19,184,468	15,249,639

There was no provision for inventory during the year as no inventory item was impaired (2021: Nil). The value of inventory transferred to cost of sales for the year was N260.18 billion (2021: N211.21 billion).

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17 Trade receivables and other assets

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Financial assets:				
Trade receivables	538,346	1,740,877	534,601	1,740,877
Other debtors*	107,040,452	47,226,930	107,040,452	47,226,278
	107,578,798	48,967,807	107,575,053	48,967,155
Non-financial assets				
Advance payment to vendor	4,620,233	292,269	287,337	275,482
Withholding tax receivable	7,126,485	2,900,000	7,126,485	2,900,000
	11,746,718	3,192,269	7,413,822	3,175,482
	119,325,516	52,160,076	114,988,875	52,142,637

*Other debtors mainly includes cash deposits with banks for foreign currency bids.

a Impairment of trade receivables

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

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Opening loss allowance as at 1 January	413,482	414,965	413,482	414,965
Decrease in loss allowance recognised in profit or loss during the year	(400,575)	(1,483)	(400,575)	(1,483)
At 31 December	12,907	413,482	12,907	413,482

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

Net carrying amount – trade receivables	538,346	1,740,877	534,601	1,740,877
Add: loss allowance (Note 17a)	12,907	413,482	12,907	413,482
Gross carrying amount – trade receivables	551,253	2,154,359	547,508	2,154,359

18 Cash and balances with banks

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Cash in hand	25,980	169,574	21,768	151,788
Cash in bank	32,137,447	30,169,211	32,089,260	30,162,572
	32,163,428	30,338,785	32,111,028	30,314,360

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

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Cash and balances with banks	32,163,428	30,338,785	32,111,028	30,314,360
Bank overdrafts	(4,490,873)	(2,851,413)	(4,490,873)	(2,851,413)
	27,672,555	27,487,372	27,620,155	27,462,947

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19 Borrowings

a Borrowings comprises:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Current				
Short term import finance facilities	206,144,388	238,185,115	206,144,388	238,185,115
Bank borrowings - current	2,051,367	2,973,995	2,051,367	2,973,995
	208,195,755	241,159,110	208,195,755	241,159,110
Non-current				
Bank borrowings - non current	3,475,257	4,889,870	3,475,257	4,889,870
Total borrowings	211,671,012	246,048,980	211,671,012	246,048,980

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. The Group has unutilised Import Finance Facilities (IFF) and overdrafts of N2.15 billion and N12.14 billion respectively as at year end.

Term loans as at year end include:

- 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 2021.
- 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).
- 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 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
At 1 January	243,827,950	126,016,697	243,827,950	126,016,697
Proceeds from loan drawdown	276,336,593	269,733,940	276,336,593	269,733,940
Government grant received (Note 21)	(303,935)	-	(303,935)	-
Interest charge expensed	7,206,426	2,980,794	6,696,357	2,980,794
Repayment of principal	(310,410,627)	(153,138,049)	(310,410,627)	(153,138,049)
Interest paid	(7,206,426)	(1,765,432)	(6,696,357)	(1,765,432)
At 31 December	209,449,981	243,827,950	209,449,981	243,827,950
c Net debt comprises:				
Cash and balances with banks	(32,163,428)	(30,338,785)	(32,111,028)	(30,314,360)
Borrowings - current	208,195,755	241,159,110	208,195,755	241,159,110
Borrowings - non-current	3,475,257	4,889,870	3,475,257	4,889,870
Borrowings - overdraft	4,490,873	2,851,413	4,490,873	2,851,413
Net debt	183,998,457	218,561,608	184,050,856	218,586,033

20 Trade and other payables

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Financial liabilities:				
Trade payables	4,025,206	3,858,564	3,348,770	3,614,311
Accrued audit fees	109,205	61,750	109,205	61,750
Other payables and accrued expenses	4,027,767	3,061,757	2,850,095	2,965,019
Total financial liabilities	8,162,178	6,982,071	6,308,070	6,641,080
Non-financial liabilities:				
Value added tax payable	21,286,401	25,481,788	15,035,782	22,341,308
Withholding tax payable	7,265,556	3,081,514	139,071	181,513
Other statutory obligations	30,435	2,799,911	30,435	2,799,911
Total non-financial liabilities	28,582,393	31,363,213	15,205,288	25,322,732
	36,744,571	38,345,284	21,513,358	31,963,812

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

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21 Government grants

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Opening balance as at 1 January	-	-	-	-
Received during the year	303,935	-	303,935	-
Released to the statement of profit or loss (Note 10)	(48,635)	-	(48,635)	-
Closing balance as at 31 December	255,300	-	255,300	-
Current	48,635	-	48,635	-
Non-current	206,665	-	206,665	-
	255,300	-	255,300	-

The Group received a N6.26 billion loan at 9% from Central Bank of Nigeria through Sterling Bank (note 19). The loan was disbursed to finance agricultural backward integration projects such as rice mills, machinery acquisition and the purchase and storage of grains. The Government grant has been calculated as the difference between the market interest rate and the contractual interest rate of the loan received. There are no unfulfilled conditions or contingencies attached to the grant.

22 Share capital

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Number (‘000)	Number (‘000)	Number (‘000)	Number (‘000)
Authorized:				
Number of shares as at 1 January	18,000,000	29,538	18,000,000	29,538
- additions on share split	-	17,970,462	-	17,970,462
	18,000,000	18,000,000	18,000,000	18,000,000
Issued and fully paid:				
Number of shares as at 1 January	18,000,000	29,538	18,000,000	29,538
- additions on share split	-	17,938,552	-	17,938,552
-additions on shares allotted during the year	-	31,910	-	31,910
	18,000,000	18,000,000	18,000,000	18,000,000

22.1 Changes to authorised and issued share capital

Group restructuring during the year ended 31 December 2021.

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 N0.50 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 allotted to CardinalStone Trustees Limited as part of the requirements for the Company's Listing on the Nigerian Stock Exchange. The shares vested and were transferred to the employees during the financial year.

There were no changes to authorised and issued share capital during the year ended 31 December 2022.

22.2 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.

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22.2 Basic and diluted earnings per share (continued)

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Profit attributable to ordinary equity holders of the parent N'000	91,344,018	69,768,085	88,669,628	70,646,883
Weighted average number of ordinary shares in issue at year end	18,000,000	16,473,408	18,000,000	16,473,408
Weighted average number of ordinary shares in issue after group restructuring	18,000,000	29,538	18,000,000	29,538
<u>Basic earnings per share (Naira)</u>				
At the end of the year	5.07	4.24	4.93	4.29
Immediately after group restructuring	5.07	2,361.98	4.93	2,391.73

23 Cash generated from/ (used in) operating activities

	Group		Company	
	31 December 2022 N'000	31 December 2021 N'000	31 December 2022 N'000	31 December 2021 N'000
Profit before tax	107,229,702	77,468,721	104,555,312	78,347,519
Adjustment for:				
Depreciation of property, plant and equipment (Note 13)	7,176,109	7,395,730	6,958,734	7,320,768
Depreciation of right-of-use assets (Note 14a)	1,005,295	1,010,905	842	6,452
Finance income (Note 11)	(39,721)	(2,892,019)	(39,721)	(2,892,019)
Finance cost	7,206,426	2,980,794	6,696,357	2,980,794
Interest on lease liabilities (Note 11)	272,648	687,735	923	3,759
Movements in government grants (Note 21)	(48,635)	-	(48,635)	-
Non-cash employee benefits expense – share-based payments (Note 6a)	1,898,645	-	1,898,645	-
Impairment write-back on financial assets	(2,376,501)	(143,283)	(2,376,501)	(143,283)
Minimum tax (Note 12a)	1,580,531	270,527	1,580,531	270,527
	123,904,499	86,779,110	119,226,487	85,894,516
Changes in working capital:				
Increase in inventories	(4,834,123)	(4,532,464)	(3,934,829)	(839,839)
Increase in trade receivables and other assets	(67,165,440)	(35,831,554)	(62,846,238)	(35,972,450)
Decrease/(increase) in due from related parties (Note 25d)	69,744,500	(75,109,638)	66,877,637	(75,717,402)
(Decrease)/ increase in trade and other payables	(1,600,713)	13,991,394	(10,450,452)	8,087,497
Increase in contract liabilities	6,207,869	15,644,790	6,207,869	15,644,790
Net cash generated from/ (used in) operations	126,256,592	941,638	115,080,473	(2,902,888)

24 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 2022 Number	31 December 2021 Number	31 December 2022 Number	31 December 2021 Number
Production	449	447	265	297
Administration	227	195	166	114
	676	642	431	411

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24 Particulars of Directors and staff (continued)

- 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 2022	31 December 2021	31 December 2022	31 December 2021
			Number	Number	Number	Number
N100,000	-	N500,000	51	26	27	-
N500,000	-	N1,000,000	72	99	9	29
N1,000,001	-	N2,000,000	88	76	20	15
N2,000,001	-	N3,000,000	97	72	62	47
N3,000,001	-	N4,000,000	139	136	127	121
N4,000,001	-	N5,000,000	98	90	84	81
N5,000,001	-	N10,000,000	104	121	81	101
N10,000,001	-	N15,000,000	11	13	8	11
N15,000,001	-	N20,000,000	4	3	3	2
N20,000,001	-	N30,000,000	6	3	6	1
N30,000,001	-	N40,000,000	6	3	4	3
			676	642	431	411

c Particulars of Directors

- i** Directors' emoluments

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

		Group		Company	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		N'000	N'000	N'000	N'000
Emoluments paid to the Director		93,561	95,050	93,561	95,050
Amount paid to the highest paid Director		58,481	56,022	58,481	56,022

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24 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 2022	31 December 2021	31 December 2022	31 December 2021
	Number	Number	Number	Number
20,000,001 - 40,000,000	7	1	7	1
40,000,001 - 60,000,000	-	1	-	1
60,000,001 - 80,000,000	2	-	2	-
	9	2	9	2

25 Related party transactions and balances

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

The Group is owned 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 Foods Plc 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 2022, BUA International Limited waived 50% of the right to claim the management fee due to her from the Group while 100% of the rights was waived in the year ended 31 December 2021. The management fee included in the administrative expenses for the year ended 31 December 2022 is N5.91 billion (2021: Nil).

(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 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
Salaries and other short-term employee benefits	275,652	249,725	242,992	171,465
Pension costs	18,377	15,483	16,423	10,631
Share-based payments	1,434,545	-	1,419,670	-
	1,728,574	265,208	1,679,085	182,096

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 2022	31 December 2021	31 December 2022	31 December 2021
	Relationship	N'000	N'000	N'000	N'000
(i) Due from related parties					
BUA International Limited	Shareholder/ Sister company	223,437,879	198,217,032	223,437,879	223,619,180
LASUCO Sugar Company Limited		-	-	8,840,561	-
Director's current account	Director	18,918,752	20,980,727	18,531,082	20,573,057
Impairment of receivables from related parties		(6,319,157)	(8,295,083)	(6,319,157)	(8,295,083)
		236,037,475	210,902,676	244,490,366	235,897,154

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

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25 Related party transactions and balances (continued)

		31 December 2022	31 December 2021	31 December 2022	31 December 2021
(ii) Due to related parties	Relationship	N'000	N'000	N'000	N'000
BUA International Limited	Shareholder/ Sister company	140,617,305	48,114,507	-	-
BUA Sugar Refinery FZE		-	-	73,094,348	-
		140,617,305	48,114,507	73,094,348	-
Due from related parties - Net		95,420,170	162,788,169	171,396,018	235,897,154

The related party amounts have been offset and the net amount has been reported in the statement of financial position 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

Deposit for shares	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	N'000	N'000	N'000	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 2022	31 December 2021	31 December 2022	31 December 2021
	N'000	N'000	N'000	N'000
As at 1 January	8,295,083	8,436,883	8,295,083	8,436,883
Reversal of impairment recognised in profit or loss during the year	(1,975,926)	(141,800)	(1,975,926)	(141,800)
At 31 December	6,319,157	8,295,083	6,319,157	8,295,083
The net carrying amount of due from related parties is shown below:				
Gross carrying amount - due from related parties (Note 25)(i)	101,739,327	171,083,252	177,715,175	244,192,237
Less: loss allowance	(6,319,157)	(8,295,083)	(6,319,157)	(8,295,083)
Due from related parties net of loss allowance	95,420,170	162,788,169	171,396,018	235,897,154

26 Investment in subsidiaries

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

Subsidiary	Incorporation/ Registration details	Principal place of business	% interest	Carrying value 31 December 2022	31 December 2021
				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

27 Segment reporting

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

- Flour segment:** This part of the business is involved in the sale of flour products.
- 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
- Pasta segment:** This segment is involved in the sale of pasta products.
- Others:** This segment is involved in the production and sale of rice, and edible oils amongst others. The results of these operations are included in the 'others' column.

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27 Segment reporting (continued)

	Group				
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2021
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
Segment profit disclosures					
Flour	3,361,397	4,085,308			
Sugar	64,556,370	46,981,426			
Pasta	17,353,343	14,979,652			
Others	6,072,907	3,721,700			
Total profit after tax	91,344,017	69,768,086			
31 December 2022					
	Flour	Sugar	Pasta	Others	Total
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
Revenue	79,687,571	274,407,443	57,247,363	7,005,393	418,347,769
Cost of sales less depreciation	(67,749,933)	(178,515,289)	(33,937,008)	-	(280,202,230)
General and administrative expense less depreciation	(5,072,034)	(21,371,543)	(3,510,747)	(136,680)	(30,091,003)
Operating profit before depreciation and impairment	6,865,604	74,520,611	19,799,609	6,868,713	108,054,537
31 December 2022					
	Flour	Sugar	Pasta	Others	Total
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
Depreciation	(2,212,145)	(3,762,749)	(1,659,485)	(547,028)	(8,181,407)
Impairment	-	2,376,501	-	-	-
Other gains	141,883	15,051,479	662	48,635	15,242,660
Operating profit	4,795,342	88,185,843	18,140,786	6,370,320	115,115,790
Finance income	-	39,721	-	-	39,721
Finance cost	(687,247)	(7,733,383)	(3,739)	(297,413)	(8,721,782)
Minimum tax	(430,459)	(863,832)	(286,240)	-	(1,580,531)
Income tax charge	(316,239)	(15,071,980)	(497,464)	-	(15,885,683)
Segment's profit	3,361,397	64,556,370	17,353,343	6,072,907	91,344,016
Total comprehensive income	3,361,397	64,556,370	17,353,343	6,072,907	91,344,016
31 December 2021					
	Flour	Sugar	Pasta	Others	Total
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
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 administrative 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
31 December 2021					
	Flour	Sugar	Pasta	Others	Total
	N'ooo	N'ooo	N'ooo	N'ooo	N'ooo
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
Total comprehensive income	4,085,308	46,981,426	14,979,652	3,721,700	69,768,086

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27 Segment reporting (continued)

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.

	Group	
	31 December 2022	31 December 2021
	N'000	N'000
Flour	129,945,775	84,305,652
Sugar	875,491,588	453,908,235
Pasta	85,598,571	60,174,069
Others	16,514,104	212,825,609
Total segment's assets	1,107,550,039	811,213,565
<i>Intersegment elimination</i>		
Intercompany balances	(500,325,415)	(217,744,051)
Total assets	607,224,624	593,469,515

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.

	Group	
	31 December 2022	31 December 2021
	N'000	N'000
Flour	100,382,659	69,896,485
Sugar	717,937,991	292,653,738
Pasta	40,614,479	33,284,780
Others	17,653,575	212,415,035
Total segment's liabilities	876,588,704	608,250,038
<i>Intersegment elimination</i>		
Intercompany balances	(500,325,415)	(215,499,196)
Total liabilities	376,263,289	392,750,842

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.

	Flour	Sugar	Pasta	Others	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2022					
At start of the year		413,482			413,482
Provision during the year		(400,575)			(400,575)
At the end of the year	-	12,907	-	-	12,907
31 December 2021					
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

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27 Segment reporting (continued)

Disaggregation of revenue from customers

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

	Flour	Sugar	Pasta	Others	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2022					
Point in time	79,687,571	274,407,443	57,247,363	7,005,393	418,347,769
Over time	-	-	-	-	-
Total revenue	79,687,571	274,407,443	57,247,363	7,005,393	418,347,769
	Flour	Sugar	Pasta	Others	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2021					
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

28 Contingent liabilities

There are 10 law suits pending against the Group in the court of law, which are being handled by legal counsel. There were legal claims of N729.15 million (2021: Nil) against BUA Foods Plc for which the law suits have not been concluded as at year end. In the opinion of the Directors and based on independent legal advice, no material losses are expected to arise from these claims, hence no provision has been made in these financial statements (31 December 2021: Nil).

29 Subsequent events

There were no significant events after the reporting period which could have a material effect on the state of affairs of the Group as at 31 December 2022 and on the profit for the year ended on that date which have not been adequately provided for or disclosed in these financial statements.

30 Comparatives

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



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RC:621320

Other National Disclosures

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Statement of value added

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Group	2022		2021	
	N'000	%	N'000	%
Revenue	418,347,770		333,272,234	
Finance income	39,721		2,892,019	
Other income	15,242,660		1,554,540	
	<u>433,630,151</u>		<u>337,718,793</u>	
Less: Bought in materials and services:				
Local	(135,736,063)		(108,395,115)	
Imported	(167,314,578)		(135,408,262)	
VALUE ADDED	130,579,510	100	93,915,416	100
APPLIED AS FOLLOWS:				
TO PAY EMPLOYEES:				
Salaries, wages and other benefits	6,446,622	5	2,992,414	3
TO PAY PROVIDERS OF FUNDS:				
Finance cost	8,721,781	7	5,047,646	5
TO PAY GOVERNMENT:				
Income taxes	15,885,684	12	7,700,636	8
TO PROVIDE FOR REPLACEMENT OF ASSETS AND FUTURE GROWTH:				
Depreciation of property, plant and equipment	7,176,109	5	7,395,730	8
Depreciation of right-of-use assets	1,005,295	1	1,010,905	1
Retained profit	91,344,018	70	69,768,085	75
VALUE ADDED	130,579,510	100	93,915,416	100
Company	2022		2021	
	N'000	%	N'000	%
Revenue	300,877,115		230,517,695	
Finance income	39,721		2,892,019	
Other income	57,502,799		30,552,756	
	<u>358,419,635</u>		<u>263,962,470</u>	
Less: Bought in materials and services:				
Local	(50,631,543)		(36,279,154)	
Imported	(183,077,924)		(135,408,262)	
VALUE ADDED	124,710,168	100	92,275,054	100
APPLIED AS FOLLOWS:				
TO PAY EMPLOYEES:				
Salaries, wages and other benefits	5,255,291	4.214	2,236,645	2
TO PAY PROVIDERS OF FUNDS:				
Finance cost	7,939,988	6	4,363,670	5
TO PAY GOVERNMENT:				
Income taxes	15,885,684	13	7,700,636	8
TO PROVIDE FOR REPLACEMENT OF ASSETS AND FUTURE GROWTH:				
Depreciation of property, plant and equipment	6,958,734	6	7,320,768	8
Depreciation of right-of-use assets	842	-	6,452	-
Retained profit	88,669,628	71	70,646,883	77
VALUE ADDED	124,710,168	100	92,275,054	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.

BUA FOODS PLC

Annual report and financial statements Five-year financial summary

Statement of financial position

	Group			Company				
	31 December 2022 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2022 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2019 N'000	31 December 2018 N'000
Assets employed								
Non-current assets	330,554,917	323,256,014	224,378,972	251,512,764	249,070,108	152,941,822	94,656,996	94,923,636
Current assets	276,669,708	270,213,501	149,940,711	337,680,389	333,603,790	216,291,320	164,250,992	130,411,408
Non-current liabilities	(69,736,146)	(52,392,390)	(52,717,936)	(69,736,146)	(52,392,390)	(49,949,661)	(35,223,132)	(36,041,340)
Current liabilities	(306,527,143)	(340,358,452)	(190,651,159)	(291,295,930)	(329,688,704)	(189,337,560)	(127,207,496)	(102,828,618)
Net assets	230,961,336	200,718,673	130,950,588	228,161,077	200,592,804	129,945,920	96,477,360	86,465,086
Capital employed								
Ordinary share capital	9,000,000	9,000,000	29,538	9,000,000	9,000,000	29,538	20,000	20,000
Reorganisation reserves	(943,228)	(943,228)	(943,228)	391,961	391,961	391,961	-	-
Retained earnings	222,904,564	192,661,901	131,864,278	218,769,116	191,200,843	129,524,422	96,457,360	86,445,086
Total equity	230,961,336	200,718,673	130,950,588	228,161,077	200,592,804	129,945,921	96,477,360	86,465,086

Statement of profit or loss and other comprehensive income

	Group			Company				
	31 December 2022 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2022 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2019 N'000	31 December 2018 N'000
Revenue	418,347,770	333,272,234	192,860,037	300,877,115	230,517,695	177,683,946	83,689,564	68,924,552
Profit before tax	107,229,702	77,468,721	47,249,188	104,555,312	78,347,519	53,450,278	10,667,837	11,431,843
Income tax expense	(15,885,684)	(7,700,636)	(11,842,270)	(15,885,684)	(7,700,636)	(11,842,270)	(1,615,163)	(3,888,179)
Profit after tax	91,344,018	69,768,085	35,406,918	88,669,628	70,646,883	41,608,008	9,052,674	7,543,664
Total comprehensive income	91,344,018	69,768,085	35,406,918	88,669,628	70,646,883	41,608,008	9,052,674	7,543,664
Per share data								
Earnings per share (Naira)	5.07	4.24	1.97	4.93	4.29	2.32	0.50	0.42
Net assets per share (Naira)	12.83	12.18	7.29	12.68	12.18	7.23	5.37	4.81

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.