

Cadbury Nigeria Plc

Un-audited Interim Financial Information
for the Nine Months Ended 30 September 2023

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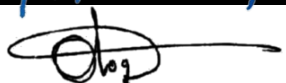
Financial highlights
For the Nine Months Ended 30 September 2023
In thousands of naira

	Un-audited 30 September 2023	Un-audited 30 September 2022	Change %
Revenue	59,201,260	42,540,017	39
Gross profit	16,307,408	8,375,749	95
Results from operating activities	9,649,238	3,311,646	191
(Loss)/Profit before tax	(10,242,573)	4,023,809	(355)
(Loss)/Profit for the period	(10,242,573)	2,816,666	(464)
Share capital	939,101	939,101	-
Total equity	2,872,027	15,512,508	(81)
Data per 50k share			
Basic (loss)/earnings per share	(545.34)	149.97	(464)
Net asset per share	153	826	(81)

Statement of financial position
As at 30 September 2023
In thousands of naira

	Note	Un-audited 30 September 2023	Audited 31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	9	15,539,965	14,070,993
Right-of-use assets	18	40,391	38,973
Intangible assets	10	2,116	6,813
Total non-current assets		15,582,472	14,116,779
Current assets			
Inventories	11	11,782,299	11,913,166
Trade and other receivables	12	6,810,093	5,164,146
Prepayments	13	730,727	1,071,815
Cash and cash equivalents	14	41,540,183	27,447,778
Total current assets		60,863,302	45,596,905
Total assets		76,445,774	59,713,684
Equity and liabilities			
Equity			
Share capital		939,101	939,101
Share premium		272,344	272,344
Other reserves		3,436,348	3,436,348
Share based payment reserve	15	176,896	176,896
Retained earnings		(1,952,662)	8,477,939
Total equity		2,872,027	13,302,628
Liabilities			
Non-current liabilities			
Borrowings	19	19,989,238	7,640,590
Deferred taxation		1,092,687	1,092,687
Employee benefits		678,313	576,884
Lease liabilities	18	11,551	12,494
Total non-current liabilities		21,771,789	9,322,655
Current liabilities			
Borrowings	19	29,604,126	16,219,870
Current tax liabilities	8	73,201	383,006
Trade and other payables	16	22,123,966	20,484,918
Lease liabilities	18	665	606
Total current liabilities		51,801,958	37,088,401
Total liabilities		73,573,747	46,411,056
Total equity and liabilities		76,445,774	59,713,684

These financial statements were approved by the Board of Directors on 24 October 2023 and signed on its behalf by:

)	Oyeyimika Adeboye (Managing Director) FRC/2013/ICAN/0000001089
)	Ogaga Ologe (Finance Director) FRC/2013/ICAN/0000001091

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
For the Nine Months Ended 30 September 2023

<i>In thousands of naira</i>	Note	Un-audited 1 July-30 Sept 2023	Un-audited 30 September 2023	Un-audited 1 July-30 Sept 2022	Un-audited 30 September 2022
Revenue	5	23,593,496	59,201,260	14,663,345	42,540,017
Cost of sales		<u>(17,515,656)</u>	<u>(42,893,852)</u>	<u>(12,141,500)</u>	<u>(34,164,268)</u>
Gross profit		6,077,841	16,307,408	2,521,845	8,375,749
Other income	6	59,559	66,615	54,352	79,981
Selling and distribution expenses		(1,833,627)	(5,194,210)	(1,608,528)	(4,050,697)
Administrative expenses		<u>(726,661)</u>	<u>(1,530,575)</u>	<u>(504,389)</u>	<u>(1,093,387)</u>
Results from operating activities		3,577,111	9,649,238	463,280	3,311,646
Net finance income/(cost)	7	<u>719,784</u>	<u>(19,891,811)</u>	<u>215,117</u>	<u>712,163</u>
Profit/(Loss) before tax		4,296,895	(10,242,573)	678,397	4,023,809
Income tax expense	8	-	-	(203,519)	(1,207,143)
Profit/(Loss) for the period		<u>4,296,895</u>	<u>(10,242,573)</u>	<u>474,877</u>	<u>2,816,666</u>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive Income/(Loss) for the period		<u>4,296,895</u>	<u>(10,242,573)</u>	<u>474,877</u>	<u>2,816,666</u>
Basic earnings/(loss) per share (kobo)		228.78	(545.34)	25.28	149.97

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

Statement of changes in equity
Attributable to equity owners of the company
For the Nine Months Ended 30 September 2023
In thousands of naira

	Share capital	Share premium	Other reserves	Shared based payment	Retained earnings	Total equity
Balance at 1 January 2023	939,101	272,344	3,436,348	176,896	8,477,939	13,302,628
Comprehensive income for the period						
Profit for the period	-	-	-	-	(10,242,573)	(10,242,573)
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(10,242,573)	(10,242,573)
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(188,028)	(188,028)
Total transactions with owners	-	-	-	-	(188,028)	(188,028)
Balance at 30 September 2023	939,101	272,344	3,436,348	176,896	(1,952,662)	2,872,027

	Share capital	Share premium	Other reserves	Shared based payment	Retained earnings	Total equity
In thousands of naira						
Balance at 1 January 2022	939,101	272,344	3,436,348	153,220	8,835,341	13,636,354
Comprehensive income for the period						
Profit for the period	-	-	-	-	2,816,666	2,816,666
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,816,666	2,816,666
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(940,512)	(940,512)
Total transactions with owners	-	-	-	-	(940,512)	(940,512)
Balance at 30 September 2022	939,101	272,344	3,436,348	153,220	10,711,495	15,512,508

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

Statement of cash flows
For the Nine Months Ended 30 September 2023
In thousands of naira

<i>In thousands of naira</i>	Un-audited 30 September 2023	Un-audited 30 September 2022
Cash flow from operating activities		
(Loss)/profit before tax	(10,242,573)	4,023,809
Adjustments for:		
Depreciation of property, plant and equipment	1,202,832	1,107,786
Depreciation of ROU asset	13,762	13,527
Amortisation of intangible assets	4,697	4,697
Finance income	(1,797,423)	(1,055,016)
Exchange difference	1,031,861	-
Loss/(gain) on sale of property, plant and equipment	136	(46,953)
Accretion of interest	866	330
Interest on borrowings	810,144	342,523
Expense for employee benefits	101,429	99,273
	<u>(8,874,270)</u>	<u>4,489,976</u>
Change in:		
Inventories	130,867	(3,443,748)
Trade and other receivables	(1,645,947)	(3,942,987)
Prepayments	341,088	211,636
Trade and other payables	3,174,219	5,938,668
Cash used in/generated from operating activities	<u>(6,874,043)</u>	<u>3,253,545</u>
VAT paid	(1,535,171)	(1,448,156)
Income tax paid	(309,805)	(7,826)
Net cash used in/generated from operating activities	<u>(8,719,019)</u>	<u>1,797,563</u>
Cash flow from investing activities		
Finance income	1,797,423	1,055,016
Proceeds from sale of property, plant and equipment	-	105,535
Acquisition of right of use assets	(15,180)	-
Acquisition of property, plant and equipment	(2,671,940)	(2,138,907)
Net cash used in investing activities	<u>(889,697)</u>	<u>(978,356)</u>
Cash flow from financing activities		
Dividends paid	(188,028)	-
Additions to intercompany loan	6,103,105	-
Addition - Import finance facilities	31,839,134	6,902,089
Repayment - Import finance facilities	(18,454,878)	(1,853,642)
Exchange gain on Intercompany loan	5,435,399	156,892
Lease liabilities	(1,750)	(7,043)
Net cash generated from financing activities	<u>24,732,982</u>	<u>5,198,296</u>
Net increase in cash and cash equivalents	15,124,265	6,017,503
Cash and cash equivalents at 1 January	27,447,778	17,824,131
Exchange gain on foreign currency cash and cash equivalents	(1,031,861)	-
Cash and cash equivalents at 30 September	<u>41,540,183</u>	<u>23,841,634</u>

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

Notes to the financial information

1 Reporting entity

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

The Company's brands fall into four principal categories, namely refreshment beverages, confectionery, biscuit and intermediate cocoa products. Cadbury Bournvita and 3-in-1 Hot Chocolate are the refreshment beverages, TomTom, Candy Caramel, Candy Coffee, Buttermint and Clorets gum are the confectionery products, Bournvita Biscuit is the biscuit category while Cocoa Butter is a key product in the intermediate cocoa category.

Cadbury Nigeria Plc is owned 74.97% (2022: 74.97%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International and 25.03% (2022: 25.03%) by a highly diversified spread of individual and institutional shareholders.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in the manner required by the Companies and Allied Matter Act 2020 and the Financial Reporting Council of Nigeria Act 2011. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Company's Board of Directors on 24 July 2023.

(b) Basis of preparation

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

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

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

These financial statements cover the unaudited interim financial information for half year ended 30 June 2023, with comparative amounts for the financial year ended 31 December 2022 for the financial position (audited), unaudited comparative for both profit and loss and cashflows statement .

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands, except when otherwise indicated.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

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

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(b) Financial instruments

i) Classification and measurement

Financial assets

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

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company classifies its financial instruments at amortised cost.

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

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

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

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

The business model for the Company's financial assets are held to collect contractual cashflows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets).

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

Financial liabilities

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

The Company's financial liabilities include trade and other payables, borrowings, lease liabilities and amounts due to related parties.

ii) Impairment of financial assets

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

The general approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis. Non-trade receivables from related parties have been assessed for impairment under this approach.

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

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

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

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

iii) Derecognition

Financial assets

The Company 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 as finance income/cost.

Financial liabilities

The Company 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.

iv) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the 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 Company or the counterparty.

(c) Property, plant and equipment

(i) Recognition and measurement

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

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized as profit or loss in the statement of profit or loss and other comprehensive income.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company.

(iii) Depreciation and impairment

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of capital-work-in-progress, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

• Freehold land	
• Buildings	40 years
• Plant and Machinery	
o Power Generating Equipment	20 years
o Packaging Equipment	15 years
o Food and Candy Processing Equipment	15 years
o Totebins	2 years
• Motor Vehicles	4 years
• Office furniture and Equipment	6.67 years

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(c) Property, plant and equipment (Continued)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. Property, plant and equipment are reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(d) Intangible assets (Software)

Recognition and measurement

Software acquired is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software from the date it is available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives for the current and comparative years of significant items of intangible assets are as follows:

• Software	
o Catalyst SAP	7 years
o Others	5 years

(e) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

Company as a lessee

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

Right-of-use assets

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

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The basis of costing is as follows:

- Engineering spares and consumable stock - purchase cost on a weighted average basis including transportation and clearing costs;
- Raw, sundry and non-returnable packaging materials, finished products and products in process measured on the basis of standard cost adjusted for variances. The cost of finished goods and products in progress comprises raw materials, direct labour, other direct costs and related production overheads; and
- Stock-in-transit - purchase cost incurred to date.

Weighted average cost and standard cost are reviewed periodically to ensure they consistently approximate historical cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stock values are adjusted for obsolete, slow-moving or defective items where appropriate.

(g) Dividend

Dividends are recognized as a liability in the period they are declared. Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 432 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2020, are written back to retained earnings.

The Securities and Exchange Commission (SEC) published a circular in 2015 directing Capital Market Registrars to return all unclaimed dividend which has been in their custody for fifteen (15) months and above to the paying companies. These unclaimed dividends are included as a liability to the shareholders until they become statute barred in accordance with the provisions of Section 432 of CAMA.

(h) Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

(i) Employee benefits

(i) Defined benefit gratuity scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in Other Comprehensive Income (OCI) and are included in retained earnings in the statement of financial position and statement of changes in equity.

The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximately the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Effective 1 September 2021, the Company ceased the defined benefit gratuity scheme and transferred the funds to a fund manager.

(ii) Defined contribution plan

A defined contribution scheme is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods. In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions. Obligations for contributions to the defined contribution plan are recognised as employee benefit expense in profit or loss in the periods which related services are rendered by employees. Employees contribute 8% each of their Basic salary, Transport & Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10.3% of each employee's Basic salary, Transport & Housing Allowances.

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(i) Employee benefits (Continued)

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The Company participates in a group share-based payment arrangement instituted by its ultimate parent, Mondelez International. Certain employees of the Company participate in this arrangement which is based on the shares of Mondelez International. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the years that the employees unconditionally become entitled to the awards.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in accrued liability, over the period that the employees become unconditionally entitled to payment. The liability is premeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit in the administrative expenses in profit or loss.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

(v) Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards scheme instituted for all permanent employees. The Company's obligation in respect of the Long Service Awards scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognized fully in profit or loss.

(vi) Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future pre-tax cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(k) Contingent liabilities

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

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(l) Government grants

An unconditional government grant related to export sales is recognized in statement of profit or loss and other comprehensive income as cost of sales when the grant becomes receivable.

(m) 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 Company's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after the below conditions are met:

- The contract is approved by the parties
- Rights and obligations are recognised
- Collectability is probable
- The contract has commercial substance; and
- 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 as stated in the credit management policy at the inception of the contract. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Sale of goods arises from sales of products to third parties and related parties. Revenue from the sale of goods is recognised when the control of the goods are transferred to the buyer. This occurs when the goods are acknowledged as received by the customer and as stated in the trade contract.

Delivery occurs when the goods have been shipped to the agreed location, the risks of obsolescence and loss have been transferred to the customer.

Revenue is recognised based on the price specified in the contract, net of the estimated rebates. Rebates are estimated at the inception of the contract.

Disaggregation of revenue from contract with customers

The Company recognises revenue from the transfer of goods at a point in time in the following product lines and geographical regions. The below information is stated in thousands of Naira.

Product lines	Nigeria	Other countries	Total
Refreshment Beverages	41,074,613	-	41,074,613
Confectionary	13,583,112	300,504	13,883,616
Biscuit	1,041,305	-	1,041,305
Intermediate cocoa products	370,841	2,830,885	3,201,726
Total	56,069,871	3,131,389	59,201,260

(n) Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets.

(o) Tax

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

(i) Current tax

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

Company Income Tax- This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2004 as amended to date.

Tertiary Education Tax- Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(o) Tax (Continued)

(ii) Deferred tax

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

Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(p) Share capital

The Company has only one class of shares: ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incremental costs that are directly attributable to issuing new shares are deducted from equity (net of any income tax benefit). Non-incremental costs that are not directly attributable to the share issue are recorded as an expense in profit or loss.

(q) Earnings per share

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

(r) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and call deposits with associated exchange difference for foreign currency-denominated balances, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in investing activities.

(s) Operating segment

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities. The Board of Directors is the Chief Operating decision maker.

Notes to the financial information (Continued)

3 Significant accounting policies (Continued)

(t) Trade receivables

The Company applies the IFRS 9 simplified approach in measuring the expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. Trade receivables represent the amount of receivable from related parties and third-party customers for the sale of goods. The expected credit loss rate for this receivable is determined using a provision matrix approach.

The provision matrix approach is based on the historical credit loss experience observed according to the behavior 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 and Gross Domestic Product (GDP).

(u) Application of new and revised International Financial Reporting Standards (IFRSs) and interpretations to standards

The following revisions to accounting standards and pronouncements were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits, early adoption is permitted, the company has not applied any in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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. In accordance with the transitional provisions, the company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Cadbury Nigeria Plc as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Amendment to IFRS 16 (Leases) – COVID-19 related rent concessions

The amendment provides practical relief to lessees in accounting for rent concessions as a direct consequences of COVID -19, by introducing a practical expedite to IFRS 16. The practical expedite permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The amendment has no impact on the Company.

4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included in Financial Instruments – Financial risk management and fair values.

Notes to the financial statements (Continued)

5	Revenue		
	Revenue for the period comprises:		
	<i>In thousands of naira</i>	Un-audited 30 September <u>2023</u>	Un-audited 30 September <u>2022</u>
	Domestic sales	56,069,871	41,054,019
	Export sales	3,131,389	1,485,998
		<u>59,201,260</u>	<u>42,540,017</u>
6	Other income		
	Other income comprises:		
	<i>In thousands of naira</i>	Un-audited 30 September <u>2023</u>	Un-audited 30 September <u>2022</u>
	Other income	66,615	59
	Insurance claims received	-	32,969
	Gain on disposal of property, plant and equipment	-	46,953
		<u>66,615</u>	<u>79,981</u>
7	Net finance income / (cost)		
	Recognized in profit or loss:		
	<i>In thousands of naira</i>	Un-audited 30 September <u>2023</u>	Un-audited 30 September <u>2022</u>
	Finance income		
	Interest income on bank deposits	1,797,423	1,055,016
	Finance cost		
	Interest expense on leases	(866)	(330)
	Interest expense on borrowings	(810,144)	(342,523)
	Exchange Difference- Realized	(191,720)	-
	Exchange Difference- Unrealized	(20,686,504)	-
	Net finance income recognised in profit or loss	<u>(19,891,811)</u>	<u>712,163</u>
8	Income tax expense		
	Tax recognised in profit or loss:		
	<i>In thousands of naira</i>	Un-audited 30 September <u>2023</u>	Un-audited 30 September <u>2022</u>
	Current period income tax	-	1,207,143
		<u>-</u>	<u>1,207,143</u>
	Deferred tax expense	-	-
		<u>-</u>	<u>1,207,143</u>
	Recognized in statement of financial position		
	<i>In thousands of naira</i>	Un-audited 30 September <u>2023</u>	Audited 31 December <u>2022</u>
	Balance, beginning of the year	383,006	383,006
	Current year charge	-	-
	Payments during the year	(309,805)	-
	Balance, end of the period	<u>73,201</u>	<u>383,006</u>

Notes to the financial statements (Continued)

9 Property, plant and equipment

The movement on these accounts was as follows:

<i>In thousands of naira</i>	Leasehold Land	Buildings	Plant & machineries	Office furniture & equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
Cost							
At 1 January, 2023	652,800	5,500,870	23,897,957	2,085,337	1,564,663	560,601	34,262,227
Additions	-	-	1,167,169	40,041	786,363	2,667,505	4,661,078
Disposals	-	(246)	(22,482)	-	-	-	(22,728)
Transfers from CWIP	-	271,777	4,434	-	-	(2,265,349)	(1,989,138)
Reclassifications	-	-	-	-	-	-	-
At September 30, 2023	<u>652,800</u>	<u>5,772,401</u>	<u>25,047,078</u>	<u>2,125,378</u>	<u>2,351,026</u>	<u>962,757</u>	<u>36,911,439</u>
Accumulated depreciation							
At 1 January, 2023	-	2,122,232	16,298,680	1,108,936	661,386	-	20,191,234
Depreciation for the period	-	137,874	735,469	79,337	250,152	-	1,202,832
Disposals	-	(110)	(22,482)	-	-	-	(22,592)
Reclassifications	-	-	-	-	-	-	-
At September 30, 2023	<u>-</u>	<u>2,259,996</u>	<u>17,011,667</u>	<u>1,188,273</u>	<u>911,538</u>	<u>-</u>	<u>21,371,474</u>
Carrying amounts							
At January 1, 2023	<u>652,800</u>	<u>3,378,638</u>	<u>7,599,277</u>	<u>976,401</u>	<u>903,277</u>	<u>560,601</u>	<u>14,070,993</u>
At September 30, 2023	<u><u>652,800</u></u>	<u><u>3,512,405</u></u>	<u><u>8,035,411</u></u>	<u><u>937,105</u></u>	<u><u>1,439,488</u></u>	<u><u>962,757</u></u>	<u><u>15,539,965</u></u>

Notes to the financial statements (Continued)

10 Intangible assets

Intangible assets represent purchase and installation cost of software licenses. The movement on this account during the period was as follows:

In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Cost		
Balance at 1 January	701,260	701,260
Additions	-	-
	<u>701,260</u>	<u>701,260</u>
Accumulated amortisation		
Balance at 1 January	694,447	688,185
Amortisation for the period	4,697	6,262
	<u>699,144</u>	<u>694,447</u>
Carrying amounts		
At the beginning of the year	<u>6,813</u>	<u>13,075</u>
At the end of the period	<u>2,116</u>	<u>6,813</u>

11 Inventories

In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Raw and packaging materials	5,271,685	6,204,070
Product in process	271,823	332,719
Finished products	3,662,477	2,073,751
Spare parts	1,300,590	1,036,069
Goods in transit	1,275,724	2,266,557
	<u>11,782,299</u>	<u>11,913,166</u>

12 Trade and other receivables

In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Trade receivable	4,795,851	3,072,916
Other receivables	882,843	1,480,256
Withholding tax receivable	402,092	182,710
Due from related parties	729,307	428,264
	<u>6,810,093</u>	<u>5,164,146</u>

Notes to the financial statements (Continued)

13 Prepayments

In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Prepaid insurance	80,562	231,157
Prepaid rent*	11,814	51,246
Advances to suppliers	439,814	781,113
Other prepayments**	198,537	8,299
	<u>730,727</u>	<u>1,071,815</u>

*Prepaid rent relates to short-term apartment leases for expats to which the Company elected to apply the short-term lease recognition exemptions.

**Other prepayments relate to advances to staff

14 Cash and cash equivalents

In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Bank balances	8,785,011	10,166,992
Call deposits	32,755,172	17,280,786
	<u>41,540,183</u>	<u>27,447,778</u>

15 Capital and reserves

(a) Ordinary shares

In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Authorised 1,878,201,962 (2021: 1,878,201,962) ordinary shares of 50k each	<u>1,373,914</u>	<u>1,373,914</u>

	Un-audited 30 September 2023	Audited 31 December 2022
Issued and fully paid ordinary shares of 50k each - 1,878,201,962 ordinary shares of 50k each (2022: 1,878,201,962)	<u>939,101</u>	<u>939,101</u>

(b) Share premium

The balance in the share premium account was as follows:

In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Share premium	<u>272,344</u>	<u>272,344</u>

(c) Shareholding structure:

	Number of Ordinary Shares	Percentage Shareholding
Cadbury Schweppes Overseas Limited	1,408,131,653	74.97%
Total Directors' Shareholdings	648,000	0.03%
Institution holdings*	163,116,031	9.51%
Other shareholders	306,306,278	15.48%
Total	<u>1,878,201,962</u>	<u>100%</u>

* Institution holdings comprises shares held by institutional shareholders for various investors which are available for trade on the floor of the Nigerian Exchange Group (NGX).

Compliance with Free Float Requirements

As at 30 June 2023, Cadbury Nigeria Plc is compliant with the Free Float requirement for the Main Board of the Nigerian Stock Exchange, with free float of 24.99% (2022: 24.99%)

Notes to the financial information (Continued)

16 Trade and other payables
In thousands of naira

	Un-audited 30 September 2023	Audited 31 December 2022
Trade payable	6,522,989	7,991,385
Dividend payable	502,475	455,377
Pension payable	(79,142)	132
Accrued expenses	4,293,080	3,488,489
Due to related parties	10,171,120	7,646,888
Contract liabilities	212,720	401,896
Unpaid decapitalisation fund	500,724	500,751
	<u>22,123,966</u>	<u>20,484,918</u>

17 Contingent liability

The Company has no contingent liabilities for the period (2022: Nil) arising from pending litigations. In the opinion of the Directors and based on independent legal advice, the company is not expected to suffer any material loss arising from these claims. Accordingly, no provisions have been made in this regard.

18a Leases

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Un-audited 30 September 2023	Audited 31 December 2022
As at 1 January	13,100	4,998
Additions	-	34,644
Accretion of interest	866	621
Modification	-	1,237
Gain on lease modification	-	(1,219)
Payments	(1,750)	(27,180)
Balance, end of the period	<u>12,216</u>	<u>13,100</u>
Lease - Current Liabilities	665	606
Lease - Non Current Liabilities	11,551	12,494
	<u>12,216</u>	<u>13,100</u>

The following are the amounts recognised in profit or loss:

	Un-audited 30 September 2023	Audited 31 December 2022
Depreciation expense of right-of-use assets	13,762	15,851
Interest expense on lease liabilities	866	1,046
Expense relating to short-term leases (included in cost of sales)	-	58,050
Expense relating to leases of low-value assets (included in administrative expenses)	19,419	49,665
Total amount recognised in profit or loss	<u>34,047</u>	<u>124,612</u>

18b Right of Use Asset

	Un-audited 30 September 2023	Audited 31 December 2022
Cost or deemed cost		
Balance as at 1 January	50,856	45,061
Additions	15,180	34,644
Disposal	-	(30,698)
Modification	-	1,850
Adjustment	-	-
Balance, end of the period	<u>66,036</u>	<u>50,856</u>
Accumulated depreciation		
Balance as at 1 January	11,883	23,730
Charge for the period	13,762	18,238
Disposal	-	(30,698)
Modification	-	613
Balance, end of the period	<u>25,645</u>	<u>11,883</u>
<i>Carrying amounts</i>		
Balance as at 1 January	38,973	15,122
Balance, end of the period	<u>40,391</u>	<u>38,973</u>

Notes to the financial information (Continued)

19 Borrowings

	Un-audited 30 September 2023	Audited 31 December 2022
Long term borrowings	19,989,238	7,640,590
Short term borrowings	29,604,126	16,219,870
	49,593,364	23,860,460

Movement in short term borrowings during the period is as follows:

As at 1 January	23,860,460	10,480,352
Additions to intercompany loan	6,103,105	14,219,167
Additions to Import finance facilities	31,839,134	
Repayment - Import finance facilities	(18,454,878)	(1,883,566)
Accrued interest on intercompany loan	810,144	503,206
Exchange (gain)/loss on Intercompany loan	5,435,399	541,301
Balance, end of the period	49,593,364	23,860,460

20a Related Parties

	Un-audited 30 September 2023	Audited 31 December 2022
(i) Amount due from related parties <i>In thousands of naira</i>		
Cadbury Ghana Limited	610,329	164,895
Mondelez South Africa (Pty) Limited	100,799	208,035
Mondelez Europe Services	29,188	59,089
Chapelat Swaziland (Pty)	-	7,254
	740,316	439,273
Impairment provision	(11,009)	(11,009)
	729,307	428,263

	Un-audited 30 September 2023	Audited 31 December 2022
(ii) Amounts due to related parties <i>In thousands of naira</i>		
Mondelez Egypt Foods SAE (MEF)	369,062	83,784
Cadbury Ghana Limited	2,031,959	2,306,491
Mondelez South Africa (Pty) Ltd	166,821	65,283
Cadbury Schweppes Overseas Ltd	1,519,338	1,519,338
Reading Scientific Services	4,838	4,176
Mondelez Pakistan Limited (MP)	224,365	133,313
Mondelez India Foods Pvt Ltd	326,322	110,803
Mondelez UK R&D Limited	49,199	28,954
Mondelez International AMEA Pte Ltd	4,239,515	3,394,746
Mondelez Europe GmbH CH - Switzerland	378,381	-
Mondelez Bahrain Biscuits W.L.L.	861,320	-
	10,171,120	7,646,888

20b Related Parties

- (b) Parent and Ultimate holding companies
The Company is a subsidiary of Mondelez International incorporated in the United States of America. Mondelez International, through Cadbury Schweppes Overseas Limited held 74.97% of the issue and fully paid share capital of the Company as at 30 June 2023 (2022: 74.97%). Amount due to Cadbury Schweppes Overseas Ltd at the end of the period was N1,519.3 million for 2019, 2020 and 2021 Dividend (2022: N1,519.3 million for 2019, 2020 and 2021 dividend).
- (c) Related party transactions
The Company entered into the following transactions with the under-listed related parties during the period:
- (i) Mondelez International AMEA PTE Ltd (MIAPL)
The Company has the exclusive rights to manufacture, distribution and marketing of Mondelez's international brands in Nigeria and also provide services. In consideration for this, royalties, technical know-how and management services are paid to Mondelez International AMEA PTE Ltd.
The Company made an accrual of N207.8 million & N637 million for Q3 2023 royalties and technical know-how and management service fees respectively. Amount due to MIAPL at the end of the period was N4,239.5 million (2022: N3,394.7 million).

Notes to the financial information (Continued)

20b Related Parties (Continued)

- (ii) Cadbury Ghana Limited (CGL)
The Company sells confectionery to CGL and in turn purchases 3-in-1 Hot chocolate from CGL. Sales during the period amounted to N300 million (2022: N791.6 million), Purchases during the period was N10,899.4 million (2022: N9,088.4 million) and other transactions for the period amounted to N13.8 million (2022: N10.9 million). The net amount due to CGL at the end of the period was N2,642.3 million (2022: N2,141.6 million). The Company and CGL are subsidiaries of the same parent company.
- (iii) Mondelez Pakistan Limited (MP)
The Company shares the same parent company with MP. Transactions during the period is Nil (2022: Nil) representing mainly salary recharges to the company for expatriates in its employment. Amount due to MP at the end of the period was N224.4 million (2022: N133.3 million) as a result of FX devaluation in Nigeria.
- (iv) Mondelez South Africa (Pty) Limited (KFSA)
The Company shares the same parent company with KFSA. Transactions during the period amounted to N162.9 million (2022: N329.7 million) representing mainly salary recharges to/from KFSA. The net amount due from KFSA at the end of the period was N267.6 million (2022: N142.8 million).
- (v) Mondelez Egypt Foods SAE (MEF)
The Company purchases certain Gum product from MEF during the period which it sells and market to its consumers. Purchases during the period was N973.1 million (2022: N472.8 million). Amounts due to MEF at the end of the period was N369.1 million (2022: N83.8 million).
- (vi) Chapelat Swaziland (Pty) (CH)
The Company shares the same parent company with CH. Transactions during the period is Nil (2022: N49.1 million) representing mainly salary recharges from the company to CH. Amount due from CH at the end of the period was Nil (2022: N7.3 million).
- (vii) Mondelez Europe Services (MES)
The Company shares the same parent company with MES. Transactions during the period amounted to N93.9 million (2022: N163.0 million) representing mainly research, development and quality (RD&Q) recharges from the company to MES. Amount due from MES at the end of the period was N29.2million (2022: N59.1 million).
- (viii) Reading Scientific Services (RSS)
The Company shares the same parent company with RSS. Transactions during the period was N2.95 million (2022: N5.7 million) representing mainly research, development and quality (RD&Q) recharges from RSS to the company. Amount due to RSS at end of the period was N4.8 million (2022: N4.2 million).
- (ix) Mdlz India Foods Pvt Ltd (MIF)
The Company shares the same parent company with MIF. Transactions during the period amounted to N122.3 million (2022: N103.6 million) representing mainly salary recharges to the company for expatriates in its employment. Amount due to MIF at the end of the period was N362.3 million (2022: N110.8 million).
- (x) Mondelez UK R&D Limited (MU)
The Company shares the same parent company with MU. Transactions during the period is Nil (2022: N25.7 million) representing mainly research & development recharges from MU to the company. Amount due to MU at end of the period was N49.2 million (2022: N29.0 million).
- (xi) Mondelez Bahrain Biscuits W.L.L. (MBB)
The Company shares the same parent company with MU. The Company purchases chocolates and Oreo biscuit from Mondelez Bahrain Biscuits. Transactions during the period is N811.4 million (2022: Nil). Amount due to MBB at end of the period was N861.3 million (2022: Nil).
- (xii) Mondelez Europe GmbH CH- Switzerland
The Company shares the same parent company with MU. The Company purchases raw material from Mondelez Europe GmbH. Transactions during the period is N378.4 million (2022: Nil). Amount due to MBB at end of the period was N378.4 million (2022: Nil).

21 Information on reportable segments

(i) Business segments

The Company has three reportable business segments summarized as follows:

Segment	Description
Refreshment Beverages	This includes the manufacturing and sale of Bournvita and 3-in-1 Hot Chocolate.
Confectionary	This includes the manufacturing and sale of Tom Tom, Buttermint, Candy Caramel, Candy Coffee and Clorets gum.
Biscuit	This includes the production and sale of Bournvita Biscuit.
Intermediate Cocoa Products	This includes the manufacturing and sale of cocoa powder, cocoa butter, cocoa liquor and cocoa cake.

Notes to the financial information (Continued)

21 Information on reportable segments (continued)

Information regarding each reportable business segment is shown below:

Revenue <i>In thousands of naira</i>	Un-audited 30 September 2023	Un-audited 30 September 2022
Refreshment beverages	41,074,613	19,881,005
Confectionary	13,883,616	8,978,729
Biscuit	1,041,305	-
Intermediate cocoa products	3,201,726	1,187,321
	<u>59,201,260</u>	<u>30,047,055</u>
Depreciation, amortisation and Impairment <i>In thousands of naira</i>	Un-audited 30 September 2023	Un-audited 30 September 2022
Refreshment beverages	847,348	691,178
Confectionary	286,412	312,152
Biscuit	21,482	-
Intermediate cocoa products	66,050	41,278
	<u>1,221,291</u>	<u>1,044,608</u>
Net finance income/(cost) <i>In thousands of naira</i>	Un-audited 30 September 2023	Un-audited 30 September 2022
Refreshment beverages	(13,801,200)	220,498
Confectionary	(4,664,939)	99,582
Biscuit	(349,882)	-
Intermediate cocoa products	(1,075,790)	13,168
	<u>(19,891,811)</u>	<u>333,249</u>
Profit before taxation <i>In thousands of naira</i>	Un-audited 30 September 2023	Un-audited 30 September 2022
Refreshment beverages	(7,106,432)	1,430,464
Confectionary	(2,402,043)	646,031
Biscuit	(180,159)	-
Intermediate cocoa products	(553,939)	85,429
Total per profit or loss account	<u>(10,242,573)</u>	<u>2,161,925</u>

Assets & liabilities by reportable segments are not presented to the Chief Operating Decision Maker (the Board of Directors). Consequently, information on segment assets & liabilities has not been presented.

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.

All the Company's assets are located in Nigeria.

Geographical segments

(ii)

The Company has two reportable geographical segments summarised as follows:

Segment	Description
Domestic sales	This comprises sales within Nigeria.
Export sales	This comprises sales to countries outside of Nigeria mainly in Africa and Europe.

Information regarding the operations of each reportable geographical segment is shown below:

<i>In thousands of naira</i>	Un-audited 30 September 2023	Un-audited 30 September 2022
Domestic sales	56,069,871	41,054,019
Export sales	3,131,389	1,485,998
	<u>59,201,260</u>	<u>42,540,017</u>

22 Events after the reporting period

There are no significant subsequent events, which could have had a material effect on the Company's financial position as at 30 September 2023 and its operating results as at that date, that have not been adequately provided for or disclosed in the financial statements.

23 Other Disclosures

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Nigerian Stock Exchange 2015 (Issuers Rule), Cadbury Nigeria Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.