



**Financial Statements – 31 December 2014
Together with Directors' and Independent Auditor's
Reports**

Contents

	Page
1 Directors and Other Corporate Information	2
2 Directors' Report	3
3 Statement of Directors' Responsibilities	7
4 Audit Committee's Report	8
5 Independent Auditor's Report	9
6 Statement of Financial Position	10
7 Statement of Comprehensive Income	11
8 Statement of Changes in Equity	12
9 Statement of Cash Flows	13
10 Notes to the Financial Statement	14
11 Other Financial Information	46

Directors and Other Corporate Information

Directors: Chief Senas J. Ukpanah, OFR (Chairman)
Mr. Sharm Kulkarni (Managing Director)
Mr. Boudewijn N. Haarsma
Mr. Hendrikus van Lokven
Mr. Didier Leleu (represented by Mr. Asue Ighodalo as his alternate)
Mr. A.K Mirchandani (represented by Mr. Ashok Manghnani as his alternate)
Mr. Thompson S.B. Owoka
Alhaji Shuaibu A. Ottan
Mr. Samuel O. Onukwue

Company Secretary: Tosan Atle Aiboni

Registered Office: Industrial Layout
Aka Offot, PMB 1106
Uyo
Akwa Ibom State
Nigeria

Registration No: RC: 13388

Independent Auditors: KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos

Directors' Report

For the year ended 31 December 2014

The Directors present their report together with the Company's audited financial statements and independent auditor's report for the year ended 31 December 2014.

Principal activity

The principal activity of the Company is to carry on the business of brewing and marketing of Champion Lager Beer as well as contract brewing and packaging services.

Operating results

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

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Revenue	3,302,383	2,233,259
Profit/(loss) from operating activities	25,511	(543,902)
Loss before taxation	1,071,765	1,730,432
Taxation	317,242	552,407
Loss for the year	754,523	1,178,025
Other comprehensive loss net of tax	39,422	361
Total comprehensive loss for the year	<u>793,945</u>	<u>1,178,386</u>

Dividend

The directors do not recommend any dividend for the year (2013: Nil).

Directors and their interests

The names of Directors at the date of this report and those who have held office during the year under review as well as their interest in the shares of the Company as recorded in the Register kept in compliance with Section 275 of the Companies and Allied Matters Act Cap C 20 Laws of the Federation of Nigeria 2004 are as follows:

	<i>Ordinary shares of 50k each</i>	
	<u>2014</u>	<u>2013</u>
Chief Senas J. Ukpanah, OFR (Chairman)	1,000	1,000
Mr. Sharm Kulkarni	-	-
Mr. Boudewijn N. Haarsma	-	-
Mr. Hendrikus van Lokven	-	-
Mr. Didier Leleu (represented by Mr. Asue Ighodalo as his alternate)	-	-
Mr. A.K Mirchandani (represented by Mr. Ashok Manghnani as his alternate)	-	-
Mr. Thompson S.B. Owoka	1,000,000	500,000
Alhaji Shuaibu A. Ottan	-	-
Mr. Samuel O. Onukwue	-	-

Other than as disclosed above, the Directors and their alternates are not aware of any disclosable interests/transaction in the share capital of the Company as at 31 December 2014 or at the date of this report.

Contracts

No Director has notified the Company of any disclosable interest in the contracts awarded by or involving the Company as required under Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004.

Issue of shares

During the year, the Company issued 6,300,000,000 ordinary shares as rights issues to existing shareholders. Further information regarding the rights issue is provided in Notes 16 and 17 of these financial statements.

Donations

The Company made donations amounting to ₦1.8 million during the year (2013: ₦2.4 million).

In accordance with Section 38(2) of the Companies and Allied Matters Act, 1990 the Company did not make any donation or give gifts to any political party, political association or for any political purpose during the year (2013: Nil).

Property, plant and equipment

Changes in property, plant and equipment during the year is disclosed in Note 11. In the opinion of the Directors, the fair value of Company's assets are not lower than the value shown in the financial statements.

Business review and future development

The Company intends to carry on fulfilling the objects as indicated in its Memorandum and Articles of Association.

Corporate social responsibility

The Company has adopted a comprehensive approach to corporate social responsibility based on the understanding that improved quality of life in the community where it operates would in turn impact positively on the Company's performance.

Corporate governance

The Directors are committed in ensuring that best practices in corporate governance are observed in all areas of the Company's business. The Company's policies on corporate governance are continually reviewed with focus on high ethical standards of transparency, integrity, accountability and honesty. The Board continues to formulate policies aimed at creating a well-positioned Company that is keen on constantly harmonizing the interests of various stakeholders to the business.

Distribution of the Company's products

The Company's products are sold by distributors in different parts of the country. The list of names of such distributors is available at the Commercial Department of the Company at Industrial Layout, Aka Offot, Uyo, Akwa-Ibom State.

Employment and employees

(a) Employment of physically-challenged persons:

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from physically-challenged persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. A total of 2 physically-challenged persons were in employment by the Company during the year (2013: 2)

(b) Health, safety at work and welfare of employees

The Company maintains a well-equipped clinic (within the brewery), which provide medical services to all its employees. Cases of serious nature are referred to designated hospitals whose services are retained by the Company through its Health Management Organization. Such hospitals are located in areas within convenient reach of employees.

The Company being mindful of the scourge and impact of the HIV/AIDS epidemic on productivity has rolled-out a comprehensive HIV/AIDS programme for its employees during the year under review. The Company has in collaboration with local NGOs also carried out HIV /AIDS awareness campaigns in the workplace as well as malaria prevention and management seminars for her employees.

The Company maintains a canteen where employees on duty are served free meals.

Safety regulations are in place in all locations of the Company and employees are well informed about compliance with such regulations.

The Company operates retirement benefit schemes for all qualified employees in accordance with the Pensions Reform Act 2004. The Company also operates defined benefit and long service award schemes for the benefit of all qualified employees.

(c) Employee consultation and training:

The Company is committed to keeping employees fully informed as far as possible regarding the Company's performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees.

Training is carried out at various levels through both in-house and external courses. Management, professional and technical expertise are the Company's major assets and investment in developing such skills continues. The Company's expanding skills base has extended the range of training provided and broadened the opportunities for career development within the organization.

Independent auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, KPMG Professional Services have indicated their willingness to continue in office as Independent Auditors to the Company.

By Order of the Board



Mr. Tosan Atle Aiboni
Company Secretary
FRC/2014/NBA/00000006228
11 February 2015

Statement of Directors' Responsibilities

for the year ended 31 December 2014

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 10 to 45 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Senas J. Ukpanah, OFR (Chairman)
FRC/2013/CIPMN/00000003208
11 February 2015

Sharm Kulkarni (Managing Director)
FRC/2013/IODN/00000002629
11 February 2015



CHAMPION BREWERIES PLC.

Industrial Layout, Aka Offot, P.M.B. 1106, Uyo,
Akwa Ibom State, Nigeria. Email: info@championbreweries.com
www.championbreweries.com

RC 13388

CHAMPION BREWERIES PLC

Audit Committee's Report

To the Members of Champion Breweries Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, we, the Members of the Audit Committee of Champion Breweries Plc, having carried out our statutory functions under the Act, hereby report that:

- a) The scope and planning of both the external and internal audit for the year ended 31 December 2014 are satisfactory. The internal audit programmes reinforce the Company's internal control system;
- b) Having reviewed the independent auditors' memorandum of recommendations on accounting procedures and internal controls, we are satisfied with management's responses thereon;
- c) The accounting and reporting policies for the year ended 31 December 2014 are in accordance with legal requirements and agreed ethical practices.

The External Auditors confirmed, having received full cooperation from the Company's Management, that the scope of their work was not restricted in any way.

MR. KUFRE INYANGETE
FRC/2013/CIBN/00000003941
Chairman of the Audit Committee

Dated this 11th day of February 2015

Members of the Audit Committee

Mr. Kufre Inyangete	-	Chairman
Mrs. Helen Umanah	-	Member
Mr. Thompson S. B. Owoka	-	"
Mr. Samuel O. Onukwue	-	"

INDEPENDENT AUDITOR'S REPORT

To the Members of **Champion Breweries Plc**

Report on the Financial Statements

We have audited the accompanying financial statements of **Champion Breweries Plc** ("the Company"), which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 45.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council Act of Nigeria, 2011, and for such internal control as Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of **Champion Breweries Plc** ("the Company") as at 31 December 2014, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the statement of financial position and the statement of comprehensive income are in agreement with the books of account.

Signed:

Goodluck C. Obi, FCA

FRC/ICAN/2012/00000000442

For: KPMG Professional Services

Chartered Accountants

February 2015

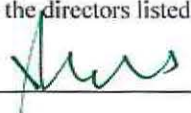
Lagos Nigeria.

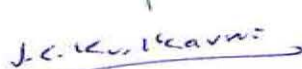
Statement of Financial Position

As at 31 December

	Notes	2014 N'000	2013 N'000
Assets			
Property plant and equipment	11	6,844,330	7,239,613
Intangible assets	12	6,878	11,741
Deferred tax assets	19	1,202,200	873,948
Non-current assets		8,053,408	8,125,302
Inventories	13	354,286	305,631
Trade and other receivables	14	577,452	531,441
Prepayments		70,938	56,197
Cash and cash equivalents		536,297	119,145
Current assets		1,538,973	1,012,414
Total assets		9,592,381	9,137,716
Equity			
Share capital	16	3,600,000	450,000
Share premium	17	8,251,946	129,184
Other reserves		3,701,612	3,701,612
Accumulated loss		(9,683,127)	(8,889,182)
Total equity		5,870,431	(4,608,386)
Liabilities			
Employee benefits	18	143,021	62,827
Non-current liabilities		143,021	62,827
Deposit for shares	15	1,164,569	1,164,569
Trade and other payable	20	2,414,360	12,518,706
Current liabilities		3,578,929	13,683,275
Total liabilities		3,721,950	13,746,102
Total equity and liabilities		9,592,381	9,137,716

These financial statements were approved by the Board of Directors (BOD) on 11 February 2015 and signed on behalf of the BOD by the directors listed below:

 **Chief Senas J. Ukpanah, OFR (Chairman)**
FRC/2013/CIPMN/00000003208

 **Sharm Kulkarni (Managing Director)**
FRC/2013/IODN/00000002629

Additionally certified by:

 **Stephen Jacob (Financial Controller)**

The notes on pages 14 to 45 are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December

	<u>Notes</u>	<u>2014</u> N'000	<u>2013</u> N'000
Revenue	5	3,302,383	2,233,259
Cost of sales		(2,662,451)	(2,207,324)
Gross profit		<u>639,932</u>	<u>25,935</u>
Other income	6	104,130	163,378
Selling and distribution expenses		(185,658)	(97,328)
Administrative expenses		(532,893)	(635,887)
Profit/(loss) from operating activities		<u>25,511</u>	<u>(543,902)</u>
Finance income	7(a)	200,351	-
Finance cost	7(b)	(1,287,645)	(1,186,530)
Net finance cost		<u>(1,087,294)</u>	<u>(1,186,530)</u>
Loss before minimum tax		<u>(1,061,783)</u>	<u>(1,730,432)</u>
Minimum tax		(9,982)	-
Loss before tax	8	<u>(1,071,765)</u>	<u>(1,730,432)</u>
Taxation	9	317,242	552,407
Loss for the year		<u>(754,523)</u>	<u>(1,178,025)</u>
Other comprehensive loss			
Items that will never be reclassified to profit or loss			
Actuarial loss on defined benefit obligation	18(d)	(50,432)	(516)
Tax on defined benefit actuarial loss	18(d)	11,010	155
Other comprehensive loss for the year net of tax		<u>(39,422)</u>	<u>(361)</u>
Total comprehensive loss for the year		<u>(793,945)</u>	<u>(1,178,386)</u>
Loss per share			
Basic and diluted loss per share (kobo)	10	24	131

The notes on pages 14 to 45 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital N '000	Share premium N '000	Accumulat ed loss N '000	Other reserves* N '000	Total equity N '000
Balance as at 1 January 2013	450,000	129,184	(7,710,796)	3,701,612	(3,430,000)
Total comprehensive loss for the year					
Loss for the year	-	-	(1,178,025)	-	(1,178,025)
Other comprehensive loss	-	-	(361)	-	(361)
Total comprehensive loss	-	-	(1,178,386)	-	(1,178,386)
Balance at 31 December 2013	450,000	129,184	(8,889,182)	3,701,612	(4,608,386)
Balance at 1 January 2014	450,000	129,184	(8,889,182)	3,701,612	(4,608,386)
Total comprehensive loss for the year					
Loss for the year	-	-	(754,523)	-	(754,523)
Other comprehensive loss	-	-	(39,422)	-	(39,422)
Total comprehensive loss	-	-	(793,945)	-	(793,945)
Transactions with owners recorded directly in equity					
Rights issue of ordinary shares (Note 16)	3,150,000	8,122,762	-	-	11,272,762
Total transaction with owners recorded directly in equity	3,150,000	8,122,762	-	-	11,272,762
Balance at 31 December 2014	3,600,000	8,251,946	(9,683,127)	3,701,612	5,870,431

* Other reserves represents reserves recognised as part of the Company's election to apply optional exemption to use previous revaluations of certain items of property plant and equipment as deemed cost at 1 January 2011, the date of transition to IFRS.

The notes on pages 14 to 45 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December

	<u>Notes</u>	<u>2014</u> N'000	<u>2013</u> N'000
Cash flows from operating activities			
Loss for the year		(754,523)	(1,178,025)
<i>Adjustment for:</i>			
Net finance cost	7	1,087,294	1,186,530
Taxation	9	(317,242)	(552,407)
Defined benefits expense/(credit)	18(c)	12,235	(2,057)
Long service awards expense	18(c)	36,257	6,460
Depreciation	11(a)	848,485	696,737
Amortisation	12(a)	4,863	2,851
Write-off of property plant and equipment	11(a)	24,797	-
(Gain)/loss on disposal of property plant and equipment		(489)	108,064
		<u>941,677</u>	<u>268,153</u>
<i>Changes in:</i>			
Inventories		(48,655)	(69,752)
Trade and other receivables		(46,011)	(225,962)
Prepayment		(14,741)	196,507
Trade and other payables* (Less accrued interest charges (Note7(b)))		225,389	922,846
Cash generated from operating activities		<u>1,057,659</u>	<u>1,091,792</u>
Defined benefits paid	18(a)(i)	(7,814)	(5,087)
Long service awards paid	18(a)(ii)	(10,916)	-
VAT paid		(30,811)	(28,643)
Net cash generated from operating activities		<u>1,008,118</u>	<u>1,058,062</u>
Cash flows from investing activities			
Interest received	7(a)	200,351	-
Proceeds from sale of property plant and equipment		533	6,409
Acquisition of property, plant and equipment	11(e)	(478,043)	(925,090)
Acquisition of intangible assets	12	-	(14,592)
Net cash used in investing activities		<u>(277,159)</u>	<u>(933,273)</u>
Cash flows from financing activities			
Net proceeds from issue of share capital	17	11,272,762	-
Repayment of amounts due to related party		(11,586,569)	-
Net cash generated from financing activities		<u>(313,807)</u>	<u>-</u>
Net increase in cash and cash equivalents		417,152	124,789
Cash and cash equivalents, beginning of year		119,145	(5,644)
Cash and cash equivalents, end of year		<u>536,297</u>	<u>119,145</u>

* The effects of repayment of amounts due to related party and Value Added Tax (VAT) paid shown separately above have been considered in the deriving the change in trade and other payables.

The notes on pages 14 to 45 are an integral part of these financial statements.

Notes to the financial statement

For the year ended 31 December 2014

	Page
1. Reporting entity	15
2. Basis of preparation	15
3. Significant accounting policies	16
4. Determination of fair values	26
5. Revenue	27
6. Other income	27
7. Finance income and finance cost	27
8. Loss before tax	27
9. Taxation	29
10. Basic and diluted loss per share	30
11. Property, plant and equipment	31
12. Intangible assets	33
13. Inventories	33
14. Trade and other receivables	33
15. Deposit for shares	34
16. Share capital	34
17. Share premium	35
18. Employee benefits	35
19. Deferred taxation	38
20. Trade and other payables	39
21. Related parties	39
22. Financial risk management and financial instruments	41
23. Contingent liabilities	44
24. Events after reporting date	45

1. Reporting entity

Champion Breweries Plc (the 'Company'), which is a company domiciled in Nigeria, was incorporated on 31 July 1974 and converted to a public limited company in 1983. The address of the Company's registered office is Industrial Layout, Aka Uffot, Uyo, Akwa Ibom State, Nigeria, from where brewing activities are carried out.

The major shareholders include The Raysun Nigeria Limited, Asset Management Nominee and Akwa Ibom State Government whose shareholdings are 57.9%, 13.4% and 10% respectively.

The principal activity of the Company is to carry on the business of brewing and marketing of Champion lager beer as well as contract brewing and packaging services.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the Board of Directors on 11 February 2015 and will be submitted to the shareholders for adoption on ____ May 2015.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for defined benefit obligations which are based on actuarial valuation and inventory, which are stated at the lower of cost and net realisable value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 18 – Measurement of defined benefit obligations and long service awards

Note 19 – Deferred tax assets and liabilities

Note 22 – Financial risk management and financial instruments

Note 23 – Contingent liabilities

e. Going concern basis of accounting

At the Board of Directors meeting held on 16 May 2014, the Directors approved a rights issue of 6.3 billion ordinary shares of 50 kobo at N1.85 to existing shareholders. The rights issue was fully subscribed having obtained necessary regulatory pre-approval. The net proceeds from the rights issue has been utilised in settling the Company's interest-bearing liabilities which is expected to contribute to an improvement in profitability.

f. 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).

If the inputs used to measure the fair value of an asset or a liability might be 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 charge has occurred. Further information about the assumptions made in measuring fair value is included in financial risk management and financial instruments (Note 22).

3. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised 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 retranslated to the functional currency at the exchange rate at the date that the

fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

b. Financial instruments

i. Non-derivative financial assets

The Company's non-derivative financial assets are classified as loans and receivables and cash and cash equivalent. The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

ii. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company classifies non-derivative financial liabilities into the other financial liabilities category. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following other financial liabilities: loans and borrowings, bank overdrafts and trade and other payables. Bank overdrafts that are repayable on demand

and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii. Share capital

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. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

iv. Deposit for shares

The company received deposits for shares to be issued at a future date. At the time of receipt of these funds, and at every reporting period thereafter during which such funds are outstanding and not refunded or converted to shares, and while the company has the discretion to either issue shares or refund the money, it is classified as a financial liability measured at amortised cost. At such time as the company issues the shares, this is converted to equity.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

c. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use. Returnable bottles, crates and containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that 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 and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

ii. Subsequent costs

Subsequent expenditure is capitalised 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.

iii. Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. 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.

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.

The estimated useful lives of all items of property plant and equipment are as shown below:

Leasehold land	Lease period
Buildings	15 to 40 years
Plant & machinery	5 to 30 years
Furniture, fitting and equipment	3 to 5 years
<i>Motor vehicles:</i>	
Cars and trucks	5 years
Forklifts	5 years
<i>Returnable packaging materials:</i>	
Bottles	5 years
Crates	8 years

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

d. Intangible assets

Intangible assets consists of software and have finite useful lives which are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight line basis over an estimated useful life of three (3) years. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Allowance is made for obsolete, slow-moving or defective items where appropriate.

f. Impairment

i. *Non-derivative financial assets*

A financial asset not classified as 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 there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of debtors, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. *Non-derivative financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories are

reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g. Employee benefits

i. 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 recognised 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.

ii. Defined contribution plans

A defined contribution plan 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. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

iii. Defined benefit plans

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 plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The discount rate is the yield at the reporting date on Federal Government bonds, that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency (Naira) in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in Other Comprehensive Income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The effect of any curtailment is recognised in full in profit or loss immediately the curtailment occurs. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

iv. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The discount rate is the yield at the reporting date on Federal Government bonds, that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

v. Termination benefits

The Company's net obligation in respect of long-term employee benefits other than Termination benefits are recognised 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 recognised 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.

h. Provision and contingent liabilities

Provision

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

Contingent liabilities

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

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

i. Revenue

Revenue from the sale of goods and rendering of services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, returns, trade discounts and volume rebates.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

j. Finance income and finance costs

Finance income comprises interest income on bank deposits.

Finance costs comprise interest expense on borrowings, bank overdrafts and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

k. Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised 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 enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii. Deferred tax

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a

legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.
- Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.
- Temporary differences arising on the initial recognition of goodwill.

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 judgements about future events. New information may become available that causes the Company to change its judgement 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.

iv. Minimum taxation

Minimum tax payable is calculated using the tax rate applicable based on certain parameters stipulated in the Nigerian tax law. Any amount by which this minimum amount payable exceeds company income tax is shown as minimum tax expense and presented separately in the statement comprehensive income.

l. 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 period, adjusted for own shares held. 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, for the effects of all dilutive potential ordinary shares.

m. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. 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, office expenses as well as income and deferred tax assets and liabilities.

n. Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease and performs an assessment of whether:

- fulfilment of the arrangement is dependent on the use of a specific asset or assets ; and
- the arrangement conveys a right to use the asset

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the 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.

i. Leased asset

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

ii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

o. Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been eliminated for the purpose of preparing the statement. Interest paid is included in financing activities.

p. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The extent of the impact of these standards is yet to be determined. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRS 9 *Financial Instruments* (2010) Effective date 1 January 2018

IFRS 15 *Revenue from contracts with customers* – Effective date 1 January 2017

IAS1 – *Disclosure initiative* – Effective date 1 January 2016

q. Standards and interpretations effective 31 December 2014

New IFRS standards and amendments to existing standards that became effective for annual periods commencing on or after 1 January 2014 have been applied in preparing the financial statements resulted in additional disclosures but had no significant impact on the measurements of the Company's assets and liabilities.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014; however, the Company has not applied the following new or amended applicable standards in preparing these financial statements:

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

IFRIC 21 *Levies*

4. Determination 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.

a. Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on the quoted market prices for similar items when available and replacement cost based on independent valuation when appropriate.

b. Intangible assets

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

c. Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

d. Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

e. Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Revenue

Revenue for the year is analysed as follows:

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Sale of goods	786,101	559,536
Contract brewing and packaging	2,516,282	1,673,723
	<u>3,302,383</u>	<u>2,223,259</u>

6. Other income

Other income represents amount realised from the sale of scraps, waste products, sales commissions and income from insurance claims.

7. Finance income and finance cost

- (a) Finance income represents gross interest earned on proceeds from rights issue.
(b) Finance cost relate to interest accrued on ₦11.6 billion due to the Raysun Limited (parent company) which was fully repaid during the year.

8. Loss before tax

- (a) Loss before tax is stated after charging/(crediting) the following amounts which are analysed by nature:

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Depreciation of property plant and equipment (Note 11(a))	848,485	696,737
Amortisation (Note 12 (a))	4,863	2,851
Auditors' remuneration	8,800	8,000
Personnel expenses (Note (b))	672,253	379,098
(Gain)/ loss on disposal of Property plant and equipment	(489)	108,064
Directors' fees (Note (c))	10,838	9,542
	<u>672,253</u>	<u>379,098</u>

(b) Personnel expenses

- i. Personnel expenses comprise of:

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Salaries and wages	490,250	267,542
Pension costs	15,970	13,992
Defined benefits expense (Note 18(a)(i))	12,235	(2,057)
Long service awards expense (Note 18(a)(ii))	36,257	6,460
Other personnel expenses	117,541	93,161
	<u>672,253</u>	<u>379,098</u>

ii. The number of full time employees as at 31 December was as follows:

	<u>2014</u>	<u>2013</u>
	Number	Number
Production	116	118
Logistics	18	16
Sales and marketing	21	26
Administration	29	28
	<u>184</u>	<u>188</u>

iii. Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

	<u>2014</u>	<u>2013</u>
	Number	Number
₦ 400,001 – ₦ 600,000	2	1
₦ 600,001 – ₦ 800,000	3	4
₦ 800,001 – ₦ 1,000,000	6	24
₦ 1,000,001 – ₦ 1,200,000	22	52
₦ 1,200,001 – ₦ 1,400,000	48	40
₦ 1,400,001 – ₦ 1,600,000	37	28
₦ 1,600,001 – ₦ 1,800,000	26	16
₦ 1,800,001 – ₦ 2,000,000	13	8
₦ 2,000,001 – ₦ 2,500,000	15	3
₦ 2,500,001 – ₦ 3,000,000	1	6
₦ 3,000,001 – ₦ 3,500,000	4	2
₦ 3,500,001 – ₦ 4,000,000	3	2
₦ 4,000,001 – ₦ 4,500,000	2	-
₦ 4,500,001 – ₦ 5,000,000	1	-
₦ 5,000,000 – and above	1	2
	<u>184</u>	<u>188</u>

(c) Directors' remuneration

Directors' remuneration during the year was as follows:

	<u>2014</u>	<u>2013</u>
	₦'000	₦'000
Fees as directors	360	410
Other remuneration	10,478	9,132
	<u>10,838</u>	<u>9,542</u>

The directors' remuneration includes:

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Chairman	60	60
Highest paid director	10,478	9,132

Other directors received emoluments (excluding pension contributions) within the following ranges:

	<u>2014</u>	<u>2013</u>
	Number	Number
N60,000 and below	7	7

(d) Analysis of expense by nature

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Raw materials and consumables	310,877	233,807
Advertising and sales promotion	66,469	48,324
Depreciation (Note 11(a))	848,485	696,737
Amortisation (Note 12(a))	4,863	2,851
Personnel expenses (Note 8(b))	672,253	379,098
Utilities	752,278	636,103
Repairs and maintenance	393,256	521,887
Royalty and technical service fees	105,494	-
Others	227,027	421,732
Total cost of sale, marketing and distribution and administrative expenses	3,381,002	2,940,539

9. Taxation

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

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Deferred tax credit		
Original and reversal of temporary differences	317,242	552,407

The tax credit for the year excludes tax on the defined benefit plan actuarial loss recognised in other comprehensive income. No provision was made for company income tax as the

Company has unutilised tax losses available to offset against future taxable income.

(b) Reconciliation of effective tax rate

		2014		2013	
	%	N'000	%	N'000	
Loss for the year		(754,523)		(1,178,025)	
Total deferred tax credit		<u>(317,242)</u>		<u>(552,407)</u>	
Loss before tax		<u>(1,071,765)</u>		<u>(1,730,432)</u>	
Tax credit using the Company's domestic tax rate	30	(321,530)	30	(519,130)	
Non-deductible expenses/ (tax exempt income)	-	552	-	7,333	
Tax incentives	3	(27,301)	2	(40,610)	
Others	(3)	<u>31,037</u>	-	<u>-</u>	
Total deferred tax credit	30	<u>(317,242)</u>	32	<u>(552,407)</u>	

10. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended 31 December 2014 was based on the loss for the year of N754.5 million (2013: N1,178 million), attributable to ordinary shareholders and weighted average number of ordinary shares outstanding of 3,116,565,667 (2013: 900,000,000) calculated as follows:

	<u>2014</u>	<u>2013</u>
	<u>N'000</u>	<u>N'000</u>
Loss for the year	<u>754,523</u>	<u>1,178,025</u>
Weighted average number of ordinary shares		
Issued ordinary shares as at January 1	900,000,000	900,000,000
Effect of rights issue in during the year	2,216,565,667	-
Weighted average number of ordinary shares (diluted) at 31 December	<u>3,116,565,667</u>	<u>900,000,000</u>
Basic and diluted loss per share (kobo)	24	131

There are no potential dilutive ordinary shares during the year, consequently, basic loss per share equals diluted earnings per share.

11. Property plant and equipment

(a) The movement in these accounts during the current and preceding year was as follows:

	Land & Buildings	Plant and Machinery	Furniture and Fittings	Motor vehicles	Returnable Packaging Materials	Capital Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
Balance at I January 2013	3,588,845	3,159,364	76,275	298,460	60,984	15,164	7,199,092
Additions	427,159	1,597,984	133,124	4,395	251	230,855	2,393,768
Disposals	-	(172,913)	-	(14,025)	-	-	(186,938)
Balance as at 31 December 2013	4,016,004	4,584,435	209,399	288,830	61,235	246,019	9,405,922
Balance at I January 2014	4,016,004	4,584,435	209,399	288,830	61,235	246,019	9,405,922
Additions	-	326,043	8,156	-	21,278	122,566	478,043
Reclassification	(372,876)	612,087	157			(239,368)	-
Write-offs	(14,695)	(10,102)	-	-	-		(24,797)
Disposals	-	-	-	(9,125)	-	-	(9,125)
Balance as at 31 December 2014	3,628,433	5,512,463	217,712	279,705	82,513	129,217	9,850,043
Accumulated Depreciation							
Balance at I January 2013	281,082	996,898	51,022	194,579	18,456		1,542,037
Depreciation for the year	153,600	490,675	8,141	32,436	11,885	-	696,737
Disposals	-	(50,766)	-	(21,699)	-	-	(72,465)
Balance as at 31 December 2013	434,682	1,436,807	59,163	205,316	30,341	-	2,166,309

Champion Breweries Plc
Financial Statements – 31 December 2014
Together with Directors' and Independent Auditor's Reports

Balance at 1 January 2014	434,682	1,436,807	59,163	205,316	30,341		2,166,309
Charge for the year	154,116	609,091	37,627	32,812	14,839	-	848,485
Disposals	-	-	-	(9,081)	-	-	(9,081)
Balance as at 31 December 2014	588,798	2,045,898	96,790	229,047	45,180	-	3,005,713
Carrying amounts							
At 31 December 2013	3,581,322	3,147,628	150,236	83,514	30,894	246,019	7,239,613
At 31 December 2014	3,039,635	3,466,565	120,922	50,658	37,333	129,217	6,844,330

- (b) The Company holds land under a finance lease arrangement. The maximum tenor of the lease arrangements is 99 years in line with the Land Use Act. The lease amounts were fully paid at the inception of the lease arrangements.
- (c) No borrowing costs were capitalised during the year as none of the individual assets acquired through borrowings met the criteria for the capitalization of borrowing costs (2013: nil).
- (d) Capital commitments
The Company had no authorised or contractual commitments as at the reporting date (2013: Nil).
- (e) Analysis of additions

	2013	2014
	N'000	N'000
Additions during the year	478,043	2,393,768
Less transfer from related parties	-	(1,468,678)
Total	478,043	925,090

12. Intangible assets

(a) The movement in these accounts during the year was as follows:

	N'000
Balance as at 1 January 2013	-
Additions	14,592
Amortisation	(2,851)
Balance as at 31 December 2013	<u>11,741</u>
Balance as at 1 January 2014	11,741
Amortisation	(4,863)
Balance as at 31 December 2014	<u><u>6,878</u></u>

(b) The amortisation charge of all intangible assets is included in administrative expenses in the statement of comprehensive income.

13. Inventories

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Raw materials	10,700	14,753
Finished products	296	3,811
Products-in-process	36,671	5,799
Packaging materials	10,901	18,391
Engineering spares	227,353	188,950
Other consumables	68,365	73,927
	<u>354,286</u>	<u>305,631</u>

The value of raw materials, non-returnable packaging materials, spare parts, changes in finished products and products in process recognised in cost of sales during the year amounted to N739 million (2013: N1,162 million).

14. Trade and other receivables

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Trade receivables	46,428	22,270
Other receivables	197,005	152,635
Amounts due from related parties (Note 21(a))	334,019	356,536
	<u>577,452</u>	<u>531,441</u>

The Company's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 22.

15. Deposit for shares

	<u>2014</u>	<u>2013</u>
	N'000	N'000
The Raysun Nigeria Limited	1,111,594	1,111,594
Akwa Ibom State Government	52,975	52,975
	<u>1,164,569</u>	<u>1,164,569</u>

The Company received deposits from Montgomery Ventures Incorporated and the Akwa Ibom State Government for shares to be issued at a future date. The deposits from Montgomery Ventures Incorporated were assigned to The Raysun Nigeria Limited by virtue of its acquisition of the Company in prior year. The amounts are repayable on demand and have therefore been classified as a financial liability measured at amortised cost. The amount would be converted to equity when the Company issues the shares.

16. Share capital

- (a) In May 2014, the Board of Directors approved the issue of 6.3 billion ordinary shares of 50 kobo each at ₦1.85 to existing shareholders of the Company. As a result, the Company's authorised share capital was increased in June 2014 to ₦4.5 billion representing 9 billion ordinary shares at 50 kobo each (2013: ₦2 billion; 4 billion ordinary shares at 50k each).

The rights issue obtained regulatory approval in November 2014 and issued shares were fully subscribed by the shareholders. Filings with the regulatory authorities with respect to the changes in issued and allotted shares are being processed while the allotment of these shares and dispatching of share certificates have been completed as at year end.

- (b) The movement in share capital during the year is further analysed as follows:

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Authorised share capital		
(9,000,000,000 ordinary shares of 50k each (2013: 4,000,000,000 ordinary shares of 50k each)	4,500,000	2,000,000
	<u> </u>	<u> </u>
	<u>2014</u>	<u>2013</u>
	N'000	N'000
Allotted, called-up and fully paid		
<i>Ordinary shares of 50K each</i>		
Balance as at 1 January	450,000	450,000
Issue of shares during the year (Note 17)	3,150,000	-
	<u> </u>	<u> </u>
Balance as at 31 December	3,600,000	450,000
	<u> </u>	<u> </u>

17. Share premium

The movement in share premium account during the year was as follows:

	2014	2013
	N'000	N'000
Balance as at 1 January	129,184	129,184
Net proceeds from rights issue	11,272,762	-
Issued shares	(3,150,000)	-
Balance as at 31 December	8,251,946	129,184

18. Employee benefits

(a) Long term employee benefit

	2014	2013
	N'000	N'000
Defined benefit obligation (Note (i))	95,098	40,245
Long service award benefits (Note (ii))	47,923	22,582
Total long-term employee benefit liabilities	143,021	62,827

The Company operates a defined benefit gratuity scheme and long service awards for the benefit of its employees. Alexander Forbes Consulting Actuaries Nigeria Limited (FRC Registration number FRC/2012/0000000000504) was engaged as the independent actuary to determine the liabilities recognised in respect of these employee benefits using the projected unit credit method.

i. Movement in the present value of defined benefit liability:

	2014	2013
	N'000	N'000
Liability as at 1 January	40,245	46,873
<i>Included in profit or loss:</i>		
Current service cost	5,306	4,752
Past service credit	-	(11,338)
Interest cost	6,929	4,529
	12,235	(2,057)
<i>Included in other comprehensive income:</i>		
Actuarial loss/ (gain) arising from:		
• Demographic assumption	1,083	(3,213)
• Financial assumption	49,349	2,850
• Experience adjustment	-	879
	50,432	516

Benefits paid by the plan	(7,814)	(5,087)
Liability as at 31 December	95,098	40,245

ii. **Movement in the present value of long service awards:**

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Liability as at 1 January	22,582	16,122
<i>Included in profit or loss:</i>		
Current service cost	2,558	2,065
Actuarial loss	31,140	2,213
Interest cost	2,559	2,182
	<u>36,257</u>	<u>6,460</u>
Benefits paid by the plan	(10,916)	-
Liability as at 31 December	47,923	22,582

(b) Short term employee benefits

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

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Obligation as at 1 January	2,033	-
Charge for the year	15,970	13,992
Payment	(18,003)	(11,959)
Liability as at 31 December	<u>-</u>	<u>2,033</u>
included in trade and other payables	<u>-</u>	<u>2,033</u>

- (c) The expense is recognised in the following line items in the statement of comprehensive income:

	Cost of sales		Administrative expenses		Total	
	2014	2013	2014	2013	2014	2013
	N'000	N'000	N'000	N'000	N'000	N'000
Defined benefit obligation	9,788	(1,646)	2,447	(411)	12,235	(2,057)
Long Service Awards	29,006	5,168	7,251	1,292	36,257	6,460
Pension	<u>12,776</u>	<u>11,194</u>	<u>3,194</u>	<u>2,798</u>	<u>15,970</u>	<u>13,992</u>
	<u><u>51,570</u></u>	<u><u>14,716</u></u>	<u><u>12,892</u></u>	<u><u>3,679</u></u>	<u><u>64,462</u></u>	<u><u>18,395</u></u>

- (d) Actuarial losses recognised in other comprehensive income are analysed as follows:

	2014			2013		
	Before tax	Tax	After tax	Before tax	Tax	After tax
	N'000	N'000	N'000	N'000	N'000	N'000
Defined benefit obligation	<u>50,432</u>	<u>(11,010)</u>	<u>39,422</u>	<u>(516)</u>	<u>155</u>	<u>(361)</u>
Actuarial loss/(gain)	<u><u>50,432</u></u>	<u><u>(11,010)</u></u>	<u><u>39,422</u></u>	<u><u>(516)</u></u>	<u><u>155</u></u>	<u><u>(361)</u></u>

Actuarial assumptions

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

	<u>2014</u>	<u>2013</u>
Long term average discount rate (p.a.)	15%	13%
Average pay increase (p.a.)	11%	12%
Average rate of inflation (p.a.)	8%	10%

These assumptions depicts managements estimate of the likely future experience of the Company. Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK as follows:

Mortality in service

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

Sample age	2014	2013
	Number of deaths in year out of 10,000 lives	
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Assumptions regarding future mortality rates are based on published statistics and mortality tables by Institute and Faculty of Actuaries in the UK. It is assumed that all employees covered by the defined end of service benefit scheme would retire at age 55 (2013:55).

19. Deferred taxation

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Recognised deferred tax assets and liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	-	-	(30,097)	(230,680)	(30,097)	(230,680)
Employee benefits	25,894	18,848	-	-	25,894	18,848
Provisions for doubtful debts	43,835	48,564	-	-	43,835	48,564
Tax loss carry-forward	1,162,568	1,037,216	-	-	1,162,568	1,037,216
Net tax assets/(liabilities)	1,232,297	1,104,628	(30,097)	(230,680)	1,202,200	873,948

Movement in temporary differences during the year:

	Property, plant and equipment	Employee benefits	Provisions for doubtful debts	Tax loss carried forward	Net
	N'000	N'000	N'000	N'000	N'000
Balance 1 January 2013	(579,666)	18,898	48,564	833,590	321,386
Recognised in profit and loss	348,986	(205)	-	203,626	552,407
Recognised in other comprehensive loss	-	155	-	-	155
Balance 31 December 2013	(230,680)	18,848	48,564	1,037,216	873,948

Balance 1 January 2014	(230,680)	18,848	48,564	1,037,216	873,948
Recognised in profit and loss	200,583	(3,964)	(4,729)	125,352	317,242
Recognised in other comprehensive loss	-	11,010	-	-	11,010
Balance 31 December 2014	(30,097)	25,894	43,835	1,162,568	1,202,200

There are no unrecognised deferred tax assets as at year end (2013: Nil)

There are no assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the next financial year, which has not been considered in making this estimate.

20. Trade and other payables

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Trade payables	139,051	429,707
Other payables and accrued expenses	1,606,682	1,543,812
Amounts due to related parties	668,627	10,545,187
	<u>2,414,360</u>	<u>12,518,706</u>

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 22.

21. Related parties

(a) Parent company and other related entities

As at year end, The Raysun Nigeria Limited (the holding company) owns 57.9% of the issued share capital of Champion Breweries Plc. Heineken N.V. is the ultimate parent company of Champion Breweries Plc.

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the Heineken Group. The transaction value and amounts due from/(to) related parties by the nature of the transaction are shown below:

	Transaction value		Balance due (to)/from	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Amount due from related parties:				
Contract Packaging				
-Nigerian Breweries	2,516,282	1,673,923	333,092	355,609
Other transactions				
-Superbrew	-	-	927	927
			334,019	356,536
Royalties and Technical Fees				
-Montgomery Ventures Incorporated	(42,182)	-	(273,018)	(230,836)
-The Raysun Nigeria Limited	(63,312)	-	(63,312)	-
Short term payables and other transactions				
-Consolidated Breweries Plc	-	6,964,030	-	-
-The Raysun Nigeria Limited	10,033,663	(10,314,351)		
		(10,314,351)	(332,297)	(10,314,351)
			(668,627)	(10,545,187)
Deposit for shares				
-Consolidated Breweries Plc	-	1,111,594	-	-
-The Raysun Nigeria Limited		(1,111,594)	(1,111,594)	(1,111,594)
-Akwa Ibom State Government	-	-	(52,975)	(52,975)
			(1,164,569)	(1,164,569)

(b) Key management personnel

In addition to their salaries, the Company also provides non-cash benefits to executive officers, and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, executive officers retire at age 55 and are entitled to receive post-employment benefits.

Key management personnel compensation comprised:

	<u>2014</u>	<u>2013</u>
	<u>N'000</u>	<u>N'000</u>
Short-term employee benefits	28,661	18,862
Post-employment benefits	10,287	6,078
	<u>38,948</u>	<u>24,940</u>

22. Financial instruments

Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated the responsibility for developing and monitoring the Company's risk management policies to the management of the company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Trade and other receivables (Note 14)	577,452	531,441
Cash and cash equivalent	536,297	119,145
	<u>1,113,749</u>	<u>650,586</u>

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company considers that it is not exposed to major concentration of credit risk in relation to trade receivables. However, credit risk can arise in the event of non-performance of a counterparty. Purchase limits are established for each customer, which represents the maximum allowed open amount. These limits are reviewed bi-annually.

Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash-and-carry basis.

The Company considers that the concentration of credit risk with respect to trade receivables is limited given that the Company grants a credit period of 2 to 3 weeks to selected customers, which mitigates the risk of default by customers. In addition, the Company tries to mitigate the credit risk by adopting specific control procedures, including regular assessment of the credit worthiness of the counterparty and limiting the exposure to any one counterparty.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, which is a specific loss component that relates to individually significant exposures.

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Gross trade receivables	192,544	171,268
Impairment	(146,116)	(148,998)
	<u>46,428</u>	<u>22,270</u>
Amounts due from related parties	334,019	356,536
Other receivables	197,005	152,635
	<u>577,452</u>	<u>531,441</u>

Impairment losses on trade receivables

As at the reporting date, the aging of trade receivables based on the most recent transaction date was:

	Gross	Impairment	Gross	Impairment
	2014	2014	2013	2013
	N'000	N'000	N'000	N'000
0-30 days	46,428	-	22,270	-
30-90 days	-	-	-	-
91-180 days	80	(80)	2,882	(2,882)
More than 180 days	146,036	(146,036)	146,116	(146,116)
	<u>192,544</u>	<u>(146,116)</u>	<u>171,268</u>	<u>(148,998)</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Balance as at 1 January	(148,998)	(146,116)
Impairment loss reversal/ (recognised)	2,882	(2,882)
Balance as at 31 December	<u>(146,116)</u>	<u>(148,998)</u>

Based on the Company's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

No impairment losses have been recognised on amounts due from related parties and other receivables during the year (2013: Nil).

Cash and cash equivalents

The Company held cash and cash equivalents of ₦536.3 million at 31 December 2014 (2013: ₦119.1 million), which represents its maximum credit exposure on these assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the Company's short, medium and long term liquidity requirements and makes monthly cash flow projections, which assists in monitoring cash flow requirements and optimizing cash return on investments.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Note	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6 to 12 months ₦'000	1 to 2 years ₦'000	2 to 5 years ₦'000
31-Dec-13							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	20	12,518,706	12,518,706	12,518,706	-	-	-
Deposit for shares	15	1,164,569	1,164,569	-	1,164,569	-	-
		<u>13,683,275</u>	<u>13,683,275</u>	<u>12,518,706</u>	<u>1,164,569</u>	<u>-</u>	<u>-</u>
31-Dec-14							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	20	2,414,360	2,414,360	2,414,360	-	-	-
Deposit for shares	15	1,164,569	1,164,569	1,164,569	-	-	-
		<u>3,578,929</u>	<u>3,578,929</u>	<u>3,578,929</u>	<u>-</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk during the year.

Foreign currency risk

The Company's exposure to currency risk is limited as purchases from foreign suppliers are handled by the parent company and the costs are charged back to the Company upon settlement by the parent company. Total amount due to the parent company in respect of these transactions amounted to N344 million. Management has assessed the Company's susceptibility to foreign currency sensitivity as minimal based on the foregoing.

Interest rate risk

The Company has no interest-bearing credit facilities and therefore has minimum exposure to changes in interest rates on credit facilities.

(d) Capital management

The Company's objectives, when managing capital, are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Company may among other things, issue new shares or convert debt to equity.

	<u>2014</u>	<u>2013</u>
	N'000	N'000
Total liabilities	3,721,950	13,746,102
Less: cash and cash equivalents	(536,297)	(119,145)
Net debt	<u>3,185,653</u>	<u>13,626,957</u>
Total equity	5,870,431	(4,608,386)
Debt to adjusted capital ratio	<u>0.54</u>	<u>(2.96)</u>

(e) Fair values versus carrying values

The fair values of financial assets and liabilities are not significantly different from the carrying amounts shown in the statement of financial position and as such, no fair value information is presented.

23. Contingent liabilities

(a) Pending litigation and claims

The Company is a defendant in various law-suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation at year end amounted to N452.7 million. (2013: N472 million). In the opinion of the directors and based on independent legal advice, the Company's liability is not likely to be significant, thus no provision has been made in these

financial statements.

(b) Financial commitments

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

24. Events after reporting date

There were no significant subsequent events which could have had a material effect on financial position of the Company as at 31 December 2014 and its financial performance for the year then ended that have not been adequately provided for or disclosed in these financial statements.

Other Financial Information

Value Added Statement

For the year ended 31 December

	<u>2014</u>		<u>2013</u>	
	N'000	%	N'000	
	%			
Revenue	3,302,383		2,233,259	
Bought-in goods and services	(1,607,926)		(1,809,743)	
	<u>1,694,457</u>		<u>423,516</u>	
Other income	104,131		163,378	
Value generated by operating activities	<u><u>1,798,588</u></u>	<u>100</u>	<u><u>586,894</u></u>	<u>100</u>
Distribution of value added:				
Government				
- Duties	47,124	3	52,471	9
- Deferred tax credit	(317,242)	(18)	(552,407)	(94)
- Minimum tax	9,982	1	-	-
Employees				
- Salaries, wages, fringe and end of Service benefits	672,253	37	379,098	65
Providers of finance				
- Finance cost	1,287,645	72	1,186,530	202
Retained in the business:				
To maintain and replace:				
- Property plant and equipment (depreciation)	848,485	47	696,737	119
- Intangible assets	4,863	-	2,851	-
- To augment reserve	(754,523)	(42)	(1,178,025)	(201)
	<u><u>1,798,588</u></u>	<u>100</u>	<u><u>587,255</u></u>	<u>100</u>

Financial Summary

Champion Breweries Plc
Financial Statements – 31 December 2014
Together with Directors' and Independent Auditor's Reports

For the year ended 31 December

Statement of comprehensive income

	2014	2013	2012	2011
	N'000	N'000	N'000	N'000
Revenue	3,302,383	2,233,259	1,785,345	1,791,109
Loss from operating activities	25,511	(543,902)	(1,222,013)	(1,251,538)
Loss before taxation	(1,061,783)	(1,730,432)	(1,928,865)	(1,770,001)
Loss for the year	(754,523)	(1,178,025)	(1,336,690)	(1,193,780)
Comprehensive loss for the year	<u>(793,945)</u>	<u>(1,178,386)</u>	<u>(1,337,505)</u>	<u>(1,193,780)</u>

Ratios

Basic and diluted loss per share (kobo)	(11)	(131)	(149)	(133)
Net liabilities per share (kobo)	(188)	(508)	(381)	(232)

Statement of financial position

	31-Dec	31-Dec	31-Dec	31-Dec	1-Jan
	2014	2013	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	6,844,330	7,239,613	5,657,055	6,362,871	6,911,986
Intangible asset	6,878	11,741	-	-	-
Deferred tax assets	1,202,200	873,948	321,386	-	-
Net current liabilities	(2,039,956)	(12,670,861)	(9,345,446)	(8,144,702)	(6,930,430)
Employee benefits	(143,021)	(62,827)	(62,995)	(39,556)	(32,943)
Deferred tax liabilities	-	-	-	(271,108)	(847,328)
Net liabilities	<u>5,870,431</u>	<u>(4,608,386)</u>	<u>(3,430,000)</u>	<u>(2,092,495)</u>	<u>(898,715)</u>

Funds Employed

Share capital	3,600,000	450,000	450,000	450,000	450,000
Share premium	8,251,946	129,184	129,184	129,184	129,184
Other reserves	3,701,612	3,701,612	3,701,612	3,701,612	3,701,612
Accumulated loss	<u>(9,683,127)</u>	<u>(8,889,182)</u>	<u>(7,710,796)</u>	<u>(6,373,291)</u>	<u>(5,179,511)</u>
	<u>5,870,431</u>	<u>(4,608,386)</u>	<u>(3,430,000)</u>	<u>(2,092,495)</u>	<u>(898,715)</u>

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.