



DANGOTE CEMENT PLC

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

31 DECEMBER 2022

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Directors' Report

The Directors of Dangote Cement Plc present the Consolidated and Separate Financial Statements for the year ended 31st December 2022. The Directors have considered all the matters brought before them in the financial year under review and are satisfied that the Directors' Report represents a fair, balanced and realistic view of events.

Legal form

Obajana Cement Plc., subsequently renamed Dangote Cement Plc by virtue of a special resolution dated 14th July 2010, was incorporated in Nigeria as a public limited company on 4th November 1992 and commenced operations in January 2007. Dangote Cement Plc listed its shares on the Nigerian Exchange Limited ("the Exchange") on 26th October 2010, and it has a market capitalisation of N4.3 trillion as at 31st December 2022.

Principal activities

The Company was incorporated for the purpose of establishing factories for the preparation, manufacture, sale and distribution of cement and related products. Our operational activities are undertaken at various plants in Nigeria and through our subsidiaries across Africa. Details of our production, grinding and import facilities in Africa can be found in note 18 of the Financial Statements.

Subsequent events

Other than those disclosed in note 36 of the Financial Statements, there were no other events after the reporting date which could have had a material effect on the financial position of Dangote Cement Plc ("the Company") and its Subsidiaries (together "the Group") as of 31st December 2022, which have not been adequately provided for in the Financial Statements.

Directors' responsibilities

The Directors are responsible for preparing the financial statements, which they confirm gives a true and fair view of the Group and Company's state of affairs and the profit or loss for the year ended 31st December 2022. The financial statements comply with the provisions of the Companies and Allied Matters Act (CAMA), 2020, International Financial Reporting Standards (IFRS) and Financial Reporting Council of Nigeria Act. 2011. In so doing, they ensure that they act in accordance with the Directors' responsibilities outlined below:

1. The Board is charged with ensuring that appropriate values and ethics, of the Company are agreed and that appropriate procedures and policies are in place to ensure that these are implemented effectively. The Board ensures leadership through oversight and review. Supported by its Committees, the Board sets the Company's strategic direction and aims to deliver a sustainable increase in shareholder value over the longer term.
2. The Board ensures that proper accounting records are maintained. The accounting policies are consistently applied, and appropriate financial statements are prepared on a going concern basis, conforming to applicable law and standards. Most of this responsibility is delegated to the Board Finance and Investment Committee.
3. The Board ensures that internal control procedures are established to safeguard the Company's assets and detect fraud and other irregularities. It also oversees the implementation of risk assessment processes to identify, manage and mitigate the principal risks of the Company's business. Much of this work is delegated to the Board Audit, Risk and Compliance Committee.
4. The Board reviews the remuneration framework, performance criteria and succession planning at Board and Executive Management level. It also oversees the Group's human resources strategy, including the organizational and compensation structures. Much of these responsibilities are delegated to the Board Remuneration, Governance and Nomination Committee.
5. The Board reviews the structure of the Board and develops governance policies in line with regulatory requirements and international best practices. Many of these responsibilities are delegated to the Board Remuneration, Governance and Nomination Committee.

Directors' Report continued

6. The Board ensures that the technical and operational aspects of the business are conducted in line with global best practices. It assesses the feasibility of proposed new projects and ensures that plant operations comply with local and international laws and align with our business goals. Also, it is responsible for overseeing new technology and development programmes of the business. Many of these responsibilities are delegated to the Board Technical and Sustainability Committee.

Board Committees

The Board Committees do not assume the functions of management, which remain the responsibility of the Group Managing Director and Executive Management. Members of Senior Management are invited to attend meetings of Board Committees as required, while the Committee Chairmen hold further meetings with certain members of Executive Management to better review areas of concern. The reports of the Committees are presented at Board meetings. As part of the review of the effectiveness of its Committees, the Board has considered the qualifications and experience of the members and is satisfied that all the Committee members bring a wide range of knowledge and skill and will effectively discharge their duties. The Company Secretary is the Secretary to each Committee.

Results for The Year

- Group revenue increased by 17% to ₦1,618 billion (2021: ₦1,384 billion).
- Company revenue increased by 21% to ₦1,205 billion (2021: ₦993 billion)
- Group net profit increased by 5% to ₦382 billion (2021: ₦364 billion).
- Company net profit increased by 6% to ₦403 billion (2021: ₦381 billion).
- Group earnings per share increased by 5% to ₦22.27 billion (2021: ₦21.24).
- Company earnings per share increased by 6% to ₦23.87 billion (2021: ₦22.42).

Dividends

The Directors pursue a dividend policy that reflects the Company's earnings and cash flow, while maintaining appropriate levels of dividend cover. They consider the capital needed to fund the Company's operations and expansion plans. For the 2022 financial year, **the Directors are pleased to recommend a dividend of ₦20.00 per ordinary 50 kobo share (2021: ₦20.00)**. The Board considers that the proposed dividend is appropriate and is in line with the Company's strategic growth objectives. If the shareholders approve this dividend at the Annual General Meeting, dividends will be paid to the shareholders whose names are registered in the Company's Register of Members at the close of business on the Qualification Date.

Unclaimed dividends

The total unclaimed dividends outstanding as of 31st December 2022 is ₦4.4 billion (2021: ₦4.6 billion). A list of unclaimed dividends is available on the Company's website at **www.dangotecement.com**. The Company notes that some dividend warrants remain unclaimed. Shareholders with unclaimed share certificates or dividends should address their claims to Coronation Registrars Ltd registrars at **eforms@coronationregistrars.com** or 9, Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria. Members are encouraged to notify the registrars of any changes in their details.

Directors

As of 24th February 2023, Dangote Cement Plc had 15 Directors, all of whom held office as of the 31st December 2022. Michel Puchercos resigned effective 28th February 2023, while Arvind Pathak was appointed Group Managing Director effective 1st March 2023. The appointment, removal or reappointment of Directors is governed by the Company's Articles of Association, the Companies and Allied Matters Act (CAMA), 2020, and board and governance policies. These documents also set out the rights and obligations of Directors. In accordance with the Articles of Association of Dangote Cement Plc, prevailing legislation and any directions via resolution, the business of the Company is managed by the Directors, who in good faith, exercise all such powers on behalf of the Company.

Directors' Report continued**Directors' interests**

In accordance with the Companies and Allied Matters Act (CAMA), 2020, the Directors' interests in the issued share capital of the Company are recorded in the Register of Members and stated below:

S/N	REG NO	Shareholder	As at 21 February 2023	As at 31 December 2022	As at 31 December 2021
1a	9749911	Aliko Dangote	27,642,637	27,642,637	27,642,637
1b	9780595, 9745479	(Indirect: Aliko Dangote) Dangote Industries Ltd.	14,621,387,610	14,621,387,610	14,621,387,610
2	9749838, 9801662	Olakunle Alake	8,000,000	8,000,000	8,000,000
3	9793235	Abdu Dantata	8,680	8,680	8,680
4	9816994	Devakumar V. G. Edwin	6,000,000	6,000,000	6,000,000
5	9823752	Ernest Ebi	100,000	100,000	100,000
6a	9860372	Emmanuel Ikazoboh	250,000	250,000	-
6b	9822918	Indirect: Emmanuel Ikazoboh) Arm Nom: Osigbeme, Enterprises Limited	-	-	58,149
7a		Douraid Zaghouni	-	-	-
7b	9798680	(Indirect: Douraid Zaghouni) Investment Corporation of Dubai	243,540,000	243,540,000	243,540,000
8a		Viswanathan Shankar	-	-	-
8b	9838639	(Indirect: Viswanathan Shankar) GW Grey, Pte Ltd	128,560,764	128,560,764	128,560,764
9	9858127	Halima Aliko-Dangote	500,000	500,000	-
10		Dorothy Udeme Ufot	-	-	-
11		Michael Davis	-	-	-
12		Cherie Blair	-	-	-
13		Michel Puchercos	-	-	-
14		Berlina Moroole	-	-	-
15		Philip Mathew	-	-	-

Conflicts of interest

The Company maintains a Register of Directors' interest in accordance with the requirements of the Companies and Allied Act (CAMA), 2020. The Company also applies a conflict of interest Policy developed in accordance with international best practices and Corporate Governance Codes, as well as the Investment and Securities Act, 2007.

Supplier payment policy

It is the practice of the Company to agree on the terms of payment negotiated with suppliers and pay according to those terms based upon receipt of accurate invoices. Trade creditor days for the year ended 31st December 2022 were 38 days on average for the Group (2021: 70 days) and 21 days for the Company (2021: 76 days).

Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in note 15 of the Financial Statements.

Donations

Sponsorship and charitable donations amounted to ₦1.6 billion (2021: ₦2.5 billion) for the Group and ₦1.3 billion (2021: ₦2.0 billion) for the Company. In accordance with Section 43(2) of the Companies and Allied Matters Act, 2020 ("CAMA"), the Company did not make any donation or give gifts to any political party, political association or for any political purpose during the year (2021: Nil).

Sustainability

Dangote Cement Plc is committed to complying with all applicable legislation, regulations and codes of practice. We integrate sustainability considerations into all our business decisions and ensure that our stakeholders are aware of our Sustainability Policy.

Directors' Report continued**Corporate governance and investor relations**

During the financial year under review, the Company complied with the Nigerian Exchange Limited Rules and has not been fined by the Financial Reporting Council (FRC), Securities & Exchange Commission (SEC), nor Nigerian Exchange Limited (NGX) for any infringements. The Board engaged Deloitte & Touche led by Mrs Ibukun Beecroft (FRC/2020/ICAN/00000020765) to carry out corporate governance and board evaluation. The result indicated that the Corporate Governance framework in Dangote Cement Plc complies with the extant Codes of Corporate Governance provisions. The Company pursues an active investor relations programme with investor meetings and earnings calls throughout the year. Our website contains information about the Company's performance and strategy.

Employees

Dangote Cement Plc operates a policy of non-discrimination and considers all employment applications equitably. Efforts are made to ensure that the most qualified person is recruited for the position, irrespective of religion, ethnic group, physical condition or state of origin. While no disabled people were employed during the year under review, it is the policy where existing employees become disabled to provide continuing employment under similar or, if possible adjusted conditions. We review our employment policies in line with the strategic objectives of our business and ensure that information is disseminated to employees through various means, including through notice boards and Company emails. We consult employees regularly to ensure that their views are considered when making decisions that are likely to affect their interests and to achieve a shared awareness of the factors affecting the Company.

Health, safety at work and welfare of employees

Dangote Cement Plc recognises the importance of safeguarding the health and safety of its workforce. Safety and environment workshops are organised, while fire prevention and firefighting equipment are installed in strategic locations in the offices and plants. The Company provides personal protective equipment (PPE) and other safety equipment and has developed several Health, Safety, Security and Environment (HSSE) policies, including the 15 HSSE Golden Rules.

Training and development

Dangote Cement Plc is committed to supporting the development of all its employees. The fundamental purpose is to facilitate personal and professional development enabling individuals to achieve their full potential at work. The Dangote Academy offers training programmes for employees across the Group, with facilitation from professionals and other training experts. The courses are designed to help employees in the performance of their designated roles and to help them to fulfil their potential. Our policy is that all employees have at least one annual performance review a year, with their head of department or line manager. Training and development needs will be assessed, and ways of meeting these will be identified, and an appropriate timescale agreed.

Retirement benefits

The Company operates a group life policy and a contributory pension scheme for its employees in Nigeria, in line with the provisions of the Pension Reform Act 2014. The scheme is funded through employees' and employers' contributions as prescribed by the Act.

Research and innovation

With rapid urbanisation and population growth in Africa, the Company realises that meeting housing and infrastructure needs will be a challenge. We are constantly looking for new product solutions to respond to these construction challenges.

Capital structure

The Company has one class of ordinary shares, which reflect the total value of the share capital. Each ordinary share carries the right to one vote at the Company's Annual General Meeting. The shareholding and transfer of shares are governed by the Company's Articles of Association and relevant regulations. There are no restrictions with respect thereto. The Articles of Association may be amended by a special resolution approved by the shareholders.

Directors' Report continued**Substantial interest in shares**

All shares other than treasury shares and shares held by Dangote Industries Limited (85.8%) and Aliko Dangote (0.16%) are considered free float shares. Aliko Dangote is the ultimate owner of Dangote Industries Limited. All issued shares are fully paid, and no additional shares were issued during the year under review. As of 31st December 2022, and 24th February 2023, Dangote Industries Limited and Stanbic IBTC Nominees Nigeria Ltd held more than 5% of the Company's issued share capital detailed below. Aside from Dangote Industries Limited and Stanbic IBTC Nominees Nigeria Limited, no other individual(s) or entity(s) hold(s) 5% and above of the Company's shares.

Date	Details	Dangote Industries Ltd.	Stanbic IBTC Nominees Ltd
As of 31st December 2021,	Units	14,621,387,610	962,835,709
	%	85.8	5.65
As of 31st December 2022,	Units	14,621,387,610	961,790,939
	%	85.8	5.64
As of 21st February 2023,	Units	14,621,387,610	957,710,499
	%	85.8	5.62

Share Buy-Back Programme

The Company's shareholders approved the execution of the Share Buy-Back Programme at the Extraordinary General Meeting, which was held on 13th December 2022. This Programme, which involves the Company's buy-back of up to 10% of its issued shares, will be effected in tranches. The execution of tranches I and II did not have any material impact on the Company's financial position. Further details are as follows:

Share Capital Analysis	Units
Pre-Buy-Back number of shares	17,040,507,404
Shares bought back from 30th to 31st December 2020 (Tranche I)	(40,200,000)
Shares bought back from 19th to 20th January 2022 (Tranche II)	(126,748,153)
Total number of residual issued and fully paid outstanding shares	16,873,559,251
Number of shares cancelled.	Nil

Independent auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA), 2020, therefore, the independent auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed. A resolution will however be proposed authorizing the Directors to fix their remuneration.

By the Order of the Board of Directors.


Edward Imoedemhe

Acting Company Secretary

FRC/2021/002/00000022594

Leadway Marble House,
1, Alfred Rewane Road,
P. O. Box 40032,
Falomo, Ikoyi, Lagos.

Dated 24th February 2023

Report of the Statutory Audit Committee

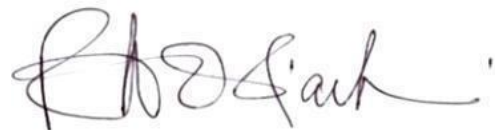
In accordance with Section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020 and Section 30.4 of the SEC Code, the members of the Statutory Audit Committee of Dangote Cement Plc hereby report as follows:

“We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act, 2020 and we acknowledge the cooperation of the Board, management and staff in the conduct of these responsibilities. After careful consideration of the report of the external auditors, we accepted the report that the Financial Statements give a true and fair view of the state of the Group’s financial affairs as at 31st December, 2022.

We confirm that:

- I. The accounting and reporting policies of the Group and Company are in accordance with legal and regulatory requirements as well as agreed ethical practices.
- II. We reviewed the scope and planning of audit requirements and found them adequate.
- III. We reviewed the findings on the management letter prepared by the external auditors and found management responses to the findings satisfactory.
- IV. The accounting and internal controls system is constantly and effectively being monitored through an effective internal audit function.
- V. We made recommendations to the Board on the reappointment and remuneration of the external auditors and also reviewed the provision made in the Financial Statements for the remuneration of the external auditors.
- VI. We considered that the external auditors are independent and qualified to perform their duties effectively.

The Committee therefore recommends that the Audited Financial Statements for the year ended 31st December, 2022 and the External Auditors’ report thereon be presented for adoption at this Annual General Meeting.”



Robert Ade-Odiachi

Chairman, Statutory Audit Committee
FRC/2013/ICAN/00000004526

Members of the Statutory Audit Committee:

Robert Ade-Odiachi, Shareholders’ Representative
Nicholas Nyamali, Shareholders’ Representative
Sheriff Yussuf, Shareholders’ Representative
Olakunle Alake, Non-Executive Director
Ernest Ebi, Independent Non-Executive Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of Dangote Cement Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and Company as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Standards issued by the International Accounting Standard Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group and Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS standards;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS Standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.
- The Directors have assessed the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain as a going concern in the year ahead.

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2022 were approved by the Directors on 24 February 2023.

On behalf of the Directors



Aliko Dangote, GCON

Chairman

FRC/2013/IODN/00000001766



Michel Puchercos

Group Chief Executive Officer/Group Managing Director

FRC/2017/IODN/00000015919


**STATEMENT OF CORPORATE RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Group Managing Director/ Group CEO and Group Chief Financial Officer, hereby certify the consolidated and separate financial statements of Dangote Cement Plc for the year ended 31 December 2022 as follows:

- a) That we have reviewed the audited consolidated and separate financial statements of Dangote Cement Plc ("the Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2022.
- b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for, the year ended 31 December 2022.
- d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the year ended 31 December 2022.



Michel Puchercos
Group Chief Executive Officer/GMD
FRC/2017/IODN/00000015919



Gbenga Fapohunda
Ag. Group Chief Finance Officer
FRC/2019/ICAN/00000019333

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dangote Cement Plc

Report on the Audit of the Consolidated and Separate Financial Statements**Opinion**

We have audited the consolidated and separate financial statements of Dangote Cement Plc ("the Company") and its subsidiaries (together, "the group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss;
- the consolidated and separate statements of comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Partners:

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Adetola P. Adeyemi	Chibuzor N. Anyanachi	Mohammed M. Adama	Oluwafemi O. Awotoye	
Adeyemi K. Ajayi	Chineme B. Nwigbo	Nneka C. Eluma	Oluwatoyin A. Gbagi	
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Ayobami L. Salami	Ibitomi M. Adepoju	Olanike I. James	Tolulope A. Odukale	
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Ayodele H. Othiwa	Kabir O. Okunola	Olumide O. Olayinka	Uzodinma G. Nwankwo	
Bolanle S. Afolabi	Lawrence C. Amadi	Olusegun A. Sowande	Victor U. Onyenkpa	

1. Investment in subsidiaries	
Refer to significant accounting policies (Note 2.3.1) and related disclosures (Note 18.2) of the separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 18.2 to the financial statements, the carrying amount of ₦249 billion representing the Company's investment in subsidiaries is significant. Some of the subsidiaries are currently loss-making and are dependent on financial support mostly in the form of loans and advances from the parent company for their ongoing operations (Note 31).</p> <p>Judgment is required in estimating the recoverable amounts of the investment in subsidiaries. The estimation of recoverable amounts involves making assumptions regarding the future performance of the subsidiaries, inherent uncertainties around macroeconomic decisions and climate-related risks involved in preparing forecasts and discounted future cash flow projections and determining an appropriate discount rate and terminal growth rate.</p> <p>The significance of the amounts involved and the uncertainties inherent in estimating the recoverable amounts makes this a key audit matter in the separate financial statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We held inquiry sessions with management to understand the process and procedures for the identification of indicators of impairment of investment in subsidiaries. • We checked that the impairment indicators were appropriately identified as at the reporting date based on our knowledge of the business, its operating environment and other information obtained during the audit. • We assessed the reasonableness of the forecasts presented for the subsidiaries with impairment triggers by comparing them with historical performance. • We challenged management's assumptions, judgements and decisions made in the calculation of the recoverable amounts by comparing them with historical performance, industry trends and future projections, considering the uncertainties around macroeconomic factors and climate change. • We engaged our valuation specialist to test the appropriateness of the discount rates and terminal growth rates used. • We assessed the appropriateness of the disclosures in the financial statements required by the relevant standards, including disclosures about sensitivities and major sources of estimation uncertainties.
2. Restatement of financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy.	
Refer to significant accounting policies (Note 2.33) and related disclosures of the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Dangote Industries (Ethiopia) Plc is one of the subsidiaries of Dangote Cement Plc (the Group) and accounts for ₦103.3 billion (6%), ₦33.3 billion (6%) and ₦270.6 billion (10%) of the Group's revenue, profit before tax and total assets respectively. (Note 2.33). In 2022, Ethiopia's economic environment showed characteristics which indicates the existence of hyperinflation and therefore the restatement of the financial statements in accordance with International Accounting Standards 29: <i>Financial Reporting in Hyperinflationary Economies (IAS 29)</i> was deemed necessary.</p> <p>The determination of the existence of hyperinflation is a matter of judgement based on the characteristics of the economic environment. Management believes that the economic environment of Ethiopia in 2022 indicates the existence of hyperinflation.</p> <p>Furthermore, the methodology adopted as well as the detailed calculations for the restatement of the financial statements so that all items are presented in the current purchasing power at the reporting date is complex and</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We held inquiry sessions with management to understand the characteristics of the economic environment of Ethiopia in 2022 which indicates the existence of hyperinflation by evaluating management's assessment of the economy. • We challenged management's assumptions and judgements applied in the assessment of the economy by comparing to publicly available information and economic analysis. • We evaluated management's methodology and approach to restatement of the financial statements in accordance with IAS 29, by checking the appropriateness of the classification of financial statements items as monetary and non-monetary items. • We tested the restatement calculations prepared by management's expert and used to determine the restated amounts by checking the mathematical accuracy in the computations. • We evaluated the reliability and reasonableness of the data used in the restatement calculations by checking the underlying historical data and publicly

<p>requires significant effort.</p> <p>We focused on this area due to the judgement required and complexity of the methodology adopted in determining the restated amounts, pervasiveness across various financial statements items, as well as the nature of disclosures required in the consolidated financial statements.</p>	<p>available information sources.</p> <ul style="list-style-type: none"> • We evaluated the adequacy and relevance of the presentation and disclosures in the financial statements as required by IAS 29.
3. Trade and other payables	
<p>Refer to significant accounting policies (Note 2.23) and related disclosures (Note 25) of the consolidated and separate financial statements.</p>	
The key audit matter	How the matter was addressed in our audit
<p>Included in trade and other payables as at 31 December 2022 is an amount of ₦96 billion and ₦34 billion for Group and Company respectively related to vendors.</p> <p>We focused on this area due to the large volume and value of vendor transactions, the numerous reconciling items and the manual nature of the reconciliation process.</p> <p>This is considered a key audit matter in both the consolidated and separate financial statements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed documentation and performed a walkthrough of the procure-to-pay process (PTP) to identify process risk points and related controls. • We selected a sample of high-value balances and obtained confirmations from the vendors. We maintained control over the confirmation process by sending out the letters and requested that the vendors responded directly to us. • We tested reconciliation statements prepared by management at year end and checked the reconciling items to underlying supporting documents such as invoices, bank advices and confirmations, goods received note and shipping documents. • We assessed the presentation and appropriateness of related disclosures with respect to the trade and other payables in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors Report, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities for the preparation and approval of the financial statements, Statement of Corporate Responsibility for the consolidated and separate Financial Statements and Other National Disclosures which we obtained prior to the date of this auditors' report; but does not include the consolidated and separate financial statements and our auditor's report thereon. Other information also includes Strategic report, The Dangote Way, Corporate Governance report and Supplementary information, together the "Outstanding reports", which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 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.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

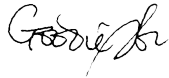
We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position, statement of profit or loss and statement of comprehensive income are in agreement with the books of account.

Signed:**Goodluck C. Obi, FCA**

FRC/2012/ICAN/00000000442

For: KPMG Professional Services

Chartered Accountants

25 February 2023

Lagos, Nigeria



DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Group		Company	
		Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million
Revenue	5	1,618,323	1,383,637	1,205,401	993,399
Production cost of sales	7	(662,890)	(551,019)	(455,122)	(345,225)
Gross profit		955,433	832,618	750,279	648,174
Administrative expenses	8	(79,879)	(64,349)	(42,532)	(33,319)
Selling and distribution expenses	9	(295,234)	(191,658)	(224,925)	(132,285)
Other income	11	5,333	6,221	3,550	1,975
Impairment of financial assets	21 & 31.2	223	(341)	(705)	(402)
Profit from operating activities		585,876	582,491	485,667	484,143
Finance income	10.1	38,715	20,765	121,864	92,783
Finance costs	10.2	(130,370)	(65,707)	(62,541)	(42,501)
Gain on monetary assets	2.33	29,022	-	-	-
Share of profit from associate	18.3	759	817	-	-
Profit before tax		524,002	538,366	544,990	534,425
Income tax expense	14.1	(141,691)	(173,927)	(142,133)	(153,325)
Profit for the year		382,311	364,439	402,857	381,100
Profit for the year attributable to:					
Owners of the Company		375,988	361,008	402,857	381,100
Non-controlling Interests		6,323	3,431	-	-
		382,311	364,439	402,857	381,100
Earnings per share, basic and diluted (Naira)	13	22.27	21.24	23.87	22.42

The accompanying notes form an integral part of these consolidated and separate financial statements

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million
Profit for the year	382,311	364,439	402,857	381,100
Other comprehensive income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating net investments in foreign operations	23,074	265	-	-
Other comprehensive income for the year, net of tax	23,074	265	-	-
Total comprehensive income for the year	405,385	364,704	402,857	381,100
Total comprehensive income for the year attributable to:				
Owners of the Company	399,106	361,429	402,857	381,100
Non-controlling Interests	6,279	3,275	-	-
	405,385	364,704	402,857	381,100

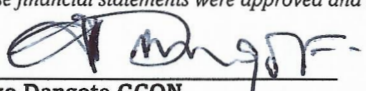
The accompanying notes form an integral part of these consolidated and separate financial statements

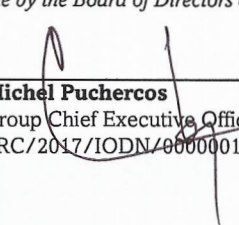
DANGOTE CEMENT PLC
**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

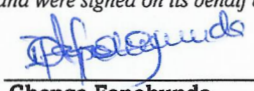
	Notes	Group		Company	
		31/12/2022 ₦million	31/12/2021 ₦million	31/12/2022 ₦million	31/12/2021 ₦million
Assets					
Non-current assets					
Property, plant and equipment	15	1,527,293	1,472,859	498,893	554,883
Intangible assets	16	6,225	5,122	114	147
Right-of-use assets	17	23,551	18,566	1,628	1,365
Investments in subsidiaries	18.2	-	-	249,262	162,268
Investment in associate	18.3	2,580	6,528	1,582	1,582
Lease receivables	22	17,085	5,980	17,085	5,980
Deferred tax assets	14.4	14,193	5,163	-	-
Prepayments	19.1	1,267	4,759	211	211
Receivables from subsidiaries	31	-	-	959,639	968,000
Total non-current assets		1,592,194	1,518,977	1,728,414	1,694,436
Current assets					
Inventories	20	239,563	167,205	132,704	88,421
Trade and other receivables	21	45,490	47,469	16,842	15,798
Prepayments and other current assets	19.2	447,149	311,722	577,474	504,786
Lease receivables	22	5,981	3,752	5,981	3,752
Current tax assets	14.2	1,435	3,051	911	2,542
Cash and cash equivalents	32.1	283,843	339,843	196,137	272,563
Total current assets		1,023,461	873,042	930,049	887,862
Total assets		2,615,655	2,392,019	2,658,463	2,582,298
Liabilities					
Current liabilities					
Trade and other payables	25	334,899	371,224	154,463	214,411
Lease liabilities	33	1,713	2,187	-	261
Current tax liabilities	14.3	167,971	153,385	156,940	146,517
Financial liabilities	26	392,378	401,393	327,331	315,090
Other current liabilities	27.2	124,724	148,294	137,106	161,579
Total current liabilities		1,021,685	1,076,483	775,840	837,858
Non-current liabilities					
Deferred tax liabilities	14.4	154,026	135,003	112,691	126,226
Financial liabilities	26	333,498	176,562	263,171	147,789
Lease liabilities	33	8,057	8,019	148	110
Provisions	28	10,575	8,428	6,834	5,573
Deferred revenue	27.1	320	636	-	298
Employee benefit obligations	29.2	8,547	3,219	8,244	2,972
Total non-current liabilities		515,023	331,867	391,088	282,968
Total liabilities		1,536,708	1,408,350	1,166,928	1,120,826
Net assets		1,078,947	983,669	1,491,535	1,461,472
Equity					
Share capital	23.1	8,520	8,520	8,520	8,520
Share premium	23.2	42,430	42,430	42,430	42,430
Treasury Shares	23.5	(45,156)	(9,833)	(45,156)	(9,833)
Capital contribution	23.6	2,877	2,877	2,828	2,828
Currency translation reserve	23.7	76,220	53,102	-	-
Retained earnings		969,478	868,274	1,482,913	1,417,527
Equity attributable to owners of the Company		1,054,369	965,370	1,491,535	1,461,472
Non-controlling interest		24,578	18,299	-	-
Total equity		1,078,947	983,669	1,491,535	1,461,472
Total equity and liabilities		2,615,655	2,392,019	2,658,463	2,582,298

The accompanying notes form an integral part of these consolidated and separate financial statements

These financial statements were approved and authorised for issue by the Board of Directors on 24 February 2023 and were signed on its behalf by:


Aliko Dangote, GCON
Chairman, Board of Directors
FRC/2013/IODN/00000001766


Michel Puchercos
Group Chief Executive Officer/GMD
FRC/2017/IODN/00000015919


Gbenga Fapohunda
Ag. Group Chief Finance Officer
FRC/2019/ICAN/00000019333

DANGOTE CEMENT PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Group								
	Share capital	Share premium	Treasury Shares	Retained earnings	Currency translation reserve	Capital contribution	Attributable to owners of the Company	Non-controlling interests	Total equity
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Balance as at 1 January 2021	8,520	42,430	(9,833)	779,271	52,681	2,877	875,946	15,024	890,970
Profit for the year	-	-	-	361,008	-	-	361,008	3,431	364,439
Other comprehensive income for the year, net of tax	-	-	-	-	421	-	421	(156)	265
Total comprehensive income for the year	-	-	-	361,008	421	-	361,429	3,275	364,704
Dividends	-	-	-	(272,005)	-	-	(272,005)	-	(272,005)
Balance as at 31 December 2021	8,520	42,430	(9,833)	868,274	53,102	2,877	965,370	18,299	983,669
Balance as at 1 January 2022	8,520	42,430	(9,833)	868,274	53,102	2,877	965,370	18,299	983,669
Profit for the year	-	-	-	375,988	-	-	375,988	6,323	382,311
Other comprehensive income for the year, net of tax	-	-	-	-	23,118	-	23,118	(44)	23,074
Total comprehensive income for the year	-	-	-	375,988	23,118	-	399,106	6,279	405,385
Dividends	-	-	-	(337,471)	-	-	(337,471)	-	(337,471)
Effect of shares buy-back (Note 23.5)	-	-	(35,323)	-	-	-	(35,323)	-	(35,323)
Gain on monetary assets (Note 2.33)	-	-	-	62,687	-	-	62,687	-	62,687
Balance as at 31 December 2022	8,520	42,430	(45,156)	969,478	76,220	2,877	1,054,369	24,578	1,078,947

The accompanying notes form an integral part of these consolidated and separate financial statements

DANGOTE CEMENT PLC

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Company					
	Share capital	Share premium	Treasury Shares	Capital contribution	Retained earnings	Total equity
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Balance as at 1 January 2021	8,520	42,430	(9,833)	2,828	1,308,432	1,352,377
Profit for the year	-	-	-	-	381,100	381,100
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	381,100	381,100
Dividends	-	-	-	-	(272,005)	(272,005)
Balance as at 31 December 2021	8,520	42,430	(9,833)	2,828	1,417,527	1,461,472
Balance as at 1 January 2022	8,520	42,430	(9,833)	2,828	1,417,527	1,461,472
Profit for the year	-	-	-	-	402,857	402,857
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	402,857	402,857
Dividends	-	-	-	-	(337,471)	(337,471)
Effect of shares buy-back (Note 23.5)	-	-	(35,323)	-	-	(35,323)
Balance as at 31 December 2022	8,520	42,430	(45,156)	2,828	1,482,913	1,491,535

The accompanying notes form an integral part of these consolidated and separate financial statements

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Notes	Year ended 31/12/2022 ₦million	Year ended 31/12/2021 ₦million	Year ended 31/12/2022 ₦million	Year ended 31/12/2021 ₦million
Cash flows from operating activities					
Profit before tax		524,002	538,366	544,990	534,425
Adjustments for:					
	15, 16				
Depreciation & amortisation	& 17	120,390	100,766	60,265	58,720
Write off & impairment of property, plant, equipment and intangible	12	1,972	1,338	129	122
Interest expenses	10.2	75,242	56,326	61,388	41,925
Interest & dividend income	10.1	(38,715)	(20,765)	(78,247)	(48,031)
Net exchange loss/(gain) on borrowings and non-operating assets		25,958	7,924	(61,327)	(43,476)
Gain on monetary assets	2.33	(29,022)	-	-	-
Change in fairvalue of derivatives		-	(104)	-	(104)
Share of income from associate	18.3	(759)	(817)	-	-
Change in deferred revenue	27.1	(332)	227	(299)	262
Provisions		2,147	379	1,261	524
Provision for employee benefits obligations		5,328	(362)	5,272	(580)
Gain on disposal of property, plant and equipment & right-of-use assets	11	(21)	(378)	-	(359)
		686,190	682,900	533,432	543,428
Changes in:					
Inventories	32.2.1	(70,345)	(60,526)	(44,283)	(33,117)
Trade and other receivables	32.2.2	457	(11,173)	(1,044)	153
Trade and other payables	32.2.3	(22,429)	26,846	(46,199)	79,182
Prepayments and other current assets	32.2.4	(42,316)	(79,404)	81,973	(82,922)
Other current liabilities	32.2.5	(23,570)	63,404	(26,877)	112,148
		527,987	622,047	497,002	618,872
Change in lease receivables		10,614	8,070	10,614	8,070
Income tax paid	14.3.1	(150,766)	(33,408)	(143,431)	(31,196)
Net cash generated from operating activities		387,835	596,709	364,185	595,746
Cash flows from Investing activities					
Interest received		37,097	11,249	33,280	8,281
Dividend income received	10.1	4,707	-	4,707	-
Acquisition of intangible assets	16	(307)	(848)	(19)	(31)
Additional receivables from subsidiaries		-	-	(53,822)	(164,367)
Repayment by subsidiaries		-	-	29,790	22,852
Net loan (obtained)/repaid by parent company		(93,812)	20,000	(93,812)	20,000
Proceeds from disposal of property, plant and equipment		106	1,238	-	1,218
Acquisition of investment		-	-	-	(22)
Acquisition of property, plant and equipment		(74,613)	(158,508)	(38,609)	(58,158)
Additions to property, plant and equipment	15	(65,945)	(185,814)	(26,449)	(72,404)
Change in non-current prepayments	19.1	3,492	17,849	-	4,789
Net suppliers' credit repaid		(12,160)	9,457	(12,160)	9,457
Net cash used in investing activities		(126,822)	(126,869)	(118,485)	(170,227)
Cashflows from Financing activities					
Interest paid		(68,840)	(52,558)	(57,432)	(42,232)
Lease payment		(3,421)	(2,110)	(1,300)	(884)
Shares buy-back	23.5	(35,323)	(9,833)	(35,323)	(9,833)
Dividends paid		(337,471)	(272,005)	(337,471)	(272,005)
Loans obtained	26.5	338,454	329,115	290,107	312,439
Loans repaid	26.5	(267,178)	(324,831)	(239,162)	(278,043)
Net cash used in financing activities		(373,779)	(332,222)	(380,581)	(290,558)
Increase/(Decrease) in cash and cash equivalents		(112,766)	137,618	(134,881)	134,961
Cash and cash equivalents at beginning of year	32.1	263,368	141,039	203,809	68,848
Effects of exchange rate changes		252	(15,289)	-	-
Cash and cash equivalents at end of year	32.1	150,854	263,368	68,928	203,809

The accompanying notes form an integral part of these consolidated and separate financial statements

1. General Information

Dangote Cement Plc ("the Company") was incorporated in Nigeria as a public limited liability company on 4 November, 1992 and commenced operations in January 2007 under the name Obajana Cement Plc. The name was changed on 14 July 2010 to Dangote Cement Plc.

Its parent company is Dangote Industries Limited ("DIL" or "the Parent Company"). Its ultimate controlling party is Aliko Dangote.

The registered address of the Company is located at 1 Alfred Rewane Road, Ikoyi, Lagos, Nigeria.

The principal activity of the Company and its subsidiaries (together referred to as "the Group") is to operate plants for the preparation, manufacture and distribution of cement and related products. The Company's production activities are currently undertaken at Obajana town in Kogi State, Gboko in Benue State and Ibese in Ogun State; all in Nigeria. Information in respect of the subsidiaries' locations is disclosed in Note 18.

The consolidated financial statements for the year ended 31 December 2022 comprise the results and the financial position of the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities").

The separate financial statements of the Company for the year ended 31 December 2022 comprise those of the Company only.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

The Group and Company's financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS Standards") that are effective at 31 December 2022 and requirements of the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

2.2 Basis of preparation

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items:

- Defined benefit obligations: Present value of the obligation.
- Non-derivative financial instruments – initially at fair value and subsequently at amortised cost using effective interest rate.
- Derivative financial instruments – measured at fair value.
- Inventory - lower of cost and net realisable value.
- Lease liabilities- measured at present value of future lease payments.
- Balances for entities in hyper-inflation economies.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.3 Basis of Consolidation

The Group financial statements incorporate the financial statements of the Parent Company and entities controlled by the Company and its subsidiaries made up to 31 December 2022. Control is achieved where the investor; (i) has power over the investee entity (ii) is exposed, or has rights, to variable returns from the investee entity as a result of its involvement, and (iii) can exercise some power over the investee to affect its returns.

The Company reassesses whether or not it still controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners' of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

2. Significant accounting policies continued**2.3.1 Investments in subsidiaries**

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

Investments in subsidiaries are eliminated on consolidation in the Group financial statements. Management performs an assessment at the end of each reporting period to determine whether there is any indication that the Investment in the subsidiaries may be impaired.

2.3.2 Transactions eliminated on consolidation

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Interest in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2. Significant accounting policies continued

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the separate financial statements for the parent company, investments in associates are recognised at cost less accumulated impairment.

2.5 Non-controlling interest

Non-controlling interest is the equity in a subsidiary or entity controlled by the Company, not attributable, directly or indirectly, to the parent company and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Total comprehensive income attributable to non-controlling interests is presented on the line "Non-controlling interests" in the statement of financial position, even if it creates negative non-controlling interests.

2.6 Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that were under the control of the shareholder that controls the Group are accounted for prospectively as at the date that transfer of interest was effected. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The difference between the consideration paid and the net assets acquired is accounted for directly in equity.

2.7 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.8 Revenue

The Group recognises revenue from the sale of cement and related products. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of products to the customers.

2.8.1 Sale of cement and related products

The Group sells cement and related products both to distributors and directly to end user customers through its plants and depots.

2. Significant accounting policies continued

For sales of products to the distributors, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the distributor's location if the agreement is for the Group to deliver. In case of self collection by distributors revenue is recognised when the distributor picks the products from the Group's factories or warehouses. Following delivery by the Group or self collection, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. For distributors that buy on credit, a receivable is recognised by the Group when the goods are delivered to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to end user customers, revenue is recognised when control of the goods has transferred, being at the point the customer lifts the goods from our factories if it's self collection or at the point at which the goods are delivered if the agreement is for the Group to deliver. Payment for the transaction price is done by the time goods are collected otherwise a receivable is recognised at that point.

2.9 Finance income

Finance income comprises interest income on short-term deposits with banks, interest on leases, dividend income, changes in the fair value of financial instruments at fair value through profit or loss, compensation for time value of money on road infrastructure tax scheme and foreign exchange gains.

Dividend income from investments is recognised in profit and loss when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.10 Production cost of sales

Production cost of sales represents decreases in economic benefits during the accounting period that are directly or indirectly attributable to manufacturing inventory for sale.

2.11 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provision, foreign exchange losses except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets. Interest is recognised in profit or loss using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest rate used to determine the amount of capitalised interest cost is the actual interest rate when there is a specific borrowing facility related to construction project or the Group's average borrowing interest rate. Borrowing costs relating to the period after acquisition, construction or production are expensed. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The borrowing costs capitalised may not exceed the actual interest incurred by the Group.

2.12 Foreign currency**2.12. Functional and presentation currency**

These consolidated and separate financial statements are presented in the Nigerian Naira (₦), which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest million unless where otherwise stated.

2. Significant accounting policies continued**2.12.2 Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the subsidiaries.

2.12.3 Foreign operations

In the Group's consolidated financial statements, all assets and liabilities of Group entities with a functional currency other than the Naira are translated into Naira upon consolidation. On consolidation, assets and liabilities have been translated at the closing rate at the reporting date. Except for hyper-inflation economies, Income and expenses have been translated into the Naira at the average rate over the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences are charged/credited to other comprehensive income and recognised in currency translation reserve in equity. The exchange differences arising on the translation are taken directly to a separate component of other comprehensive income "Currency translation differences". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recognised in equity is recognised in the consolidated statement of profit or loss.

2.13 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Company and Group and the cost can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Property, plant and machinery under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including borrowing costs on qualifying assets in accordance with the Group's accounting policy and the estimated costs of dismantling and removing the items and restoring the site on which they are located if the Group has a legal or constructive obligation to do so.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives and are individually significant in relation to total cost of an item, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component 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 benefit embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of day to day servicing of the property plant and equipment is recognised in profit or loss as incurred.

2. Significant accounting policies continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.13.1 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value (except for freehold land and assets under construction). Depreciation is recognised within “Cost of sales” and “Administrative expenses and selling and distribution expenses,” depending on the utilization of the respective assets on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term in which case the assets are depreciated over their useful life on the same basis as owned assets. Strategic spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalised and depreciated over the shorter of their useful life and the remaining life of the plant from the date such strategic spare parts are capable of being used for their intended use.

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of plant are charged to profit or loss on consumption or as incurred respectively.

	Useful life (years)
Land & Leasehold improvement	Over the shorter of useful life and lease period
Buildings	25 – 50
Plant and machinery	10 - 25
Power plants	5 – 25
Cement plants	5 – 25
Motor vehicles	4 – 6
Furniture and equipment	5
Computer hardware	3
Aircraft and related components	5 – 25

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.14 Intangible assets

In accordance with criteria set out in IAS 38 – “Intangible assets”, intangible assets are recognised only if identifiable; controlled by the entity because of past events; it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets primarily include amortizable items such as software, mineral rights, as well as certain development costs that meet the IAS 38 criteria.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised using the straight-line method over their useful lives ranging from two to seven years. Amortization expense is recorded in “Cost of sales” and “Selling and distribution expenses” or administrative expenses, based on the function of the underlying assets. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Exploration assets are carried at cost less any impairment losses. All costs, including overhead costs directly associated with the specific project are capitalised. The directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meets the criteria to be capitalised, the directors use information from several sources, depending on the level of exploration.

Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination.

Exploration assets are amortised over a period of 30 years in line with the estimates lives of the mines

2. Significant accounting policies continued**2.14.1 Internally-generated intangible assets - research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.14.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.15 Prepayments

Prepayments are non-financial assets which result when payments are made in advance of the receipt of goods and services. They are recognised when the Group expects to receive future economic benefits equivalent to the value of the prepayments. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

2.16 Inventories

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

Cost is determined as follows:

Raw Materials

Raw materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using a weighted average cost basis.

Work in progress

Cost of work in progress includes cost of raw material, labour, production and attributable overheads based on normal operating capacity. Work in progress is valued using a weighted average cost basis.

Finished goods

Cost is determined using the weighted average method and includes cost of material, labour, production and attributable overheads based on normal operating capacity.

Spare parts and consumables

Spare parts which are expected to be fully utilised in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

Packaging Materials

Packaging materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using a weighted average cost basis.

2. Significant accounting policies continued**2.17 Statement of cash flows**

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating, investing and financing activities. The Group applies the indirect method for the preparation of the statement of cash flows. 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 adjusted 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 interest income is included in investing activities.

2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised in the consolidated and separate statements of financial position when a member of the Group or the Company becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount except for financial instruments at fair value through profit or loss. For financial instruments classified as Fair Value Through Profit or Loss (FVTPL) transaction costs incurred are recognised in profit or loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned. The Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option).

2.18.1 Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not have debt instruments that are measured subsequently at fair value through other comprehensive income (FVTOCI).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

2.18.2 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. Significant accounting policies continued**2.19 Cash and cash equivalents**

The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Term deposit with tenor of 90 days or less are also included in cash and cash equivalents if they are held for short term cash commitments rather than for investment or other purposes.

2.20 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short term trade receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value due to the insignificant impact of discounting.

2.21 Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (note 10) in profit or loss.

2.22 Financial liabilities and equity instruments**Classification as debt or equity**

Debt and equity instruments issued by a member of the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.22.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. Equity instruments includes share capital, share premium, currency translation reserve and capital contribution.

2.22.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost:

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2. Significant accounting policies continued**2.22.3 De-recognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.22.4 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group 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.

2.22.5 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (note 10).

2.23 Trade and other payables

Trade and other payables are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest rate exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk.

2. Significant accounting policies continued**2.24 Impairment****2.24.1 Financial assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2. Significant accounting policies continued

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner unless in case where there is sufficient security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

2. Significant accounting policies continued

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

2.24.2 Non-financial assets

The carrying amounts of the Group's non-financial assets 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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit 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. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An 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. A reversal of an impairment loss is recognised immediately in the Profit or loss.

2.25 Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group recognises 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 values is included in the following notes: If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. When measuring the fair value of an asset or a liability, the Group uses observable market 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).

2. Significant accounting policies continued**2.25.1 Derivative financial assets and liabilities fair value**

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

2.26 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.26.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax assets and liabilities are offset only if certain criteria are met.

2.26.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is not recognised for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and (iii) 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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. Deferred tax assets and liabilities are offset only if certain criteria are met.

2.26.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.27 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2. Significant accounting policies continued

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The total of the government grant is recognised as deferred revenue on the statement of financial position and is recognised in profit or loss over the period the related expenditure is incurred.

Export Expansion Grant (EEG) is recognised upon confirmation of the Group's eligibility by the relevant government departments.

2.28 Employee benefits**2.28.1 Short term employee benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided by the employee. This includes wages, salaries, bonuses, paid annual leave, sick leave and other contributions. Except when they qualify for capitalization, these benefits are expensed in the period in which the associated services are rendered by employees of the Group. A liability is recognised for the amount that is expected to be paid if the Group 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.

2.28.2 Defined contribution plans

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Group. Except when they qualify for capitalization, obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.28.3 Defined benefit plans

The group operates defined benefit plans for certain qualifying employees. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by using actuarial methods of projected unit credit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. The estimated cost of providing such benefits is charged to the statement of profit or loss on a systematic basis over the employees' working lives. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are recognised in other comprehensive income in the period in which they arise and accumulated in retained earnings. Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

2.28.4 Other long-term employee benefits (Long service award)

The group provides employees with Long service award benefits. The benefits are gift items, ex-gratia (expressed as a multiple of monthly basic salary), a plaque and certificate. The liability recognised in respect of these awards is computed using actuarial methods (discounted at present value). Any resulting remeasurement gain/loss is recognised in full within other income/administrative expense in the profit or loss. Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

2.28.5 Termination benefit

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. Benefits are expected to be settled wholly within 12 months of the reporting date.

2. Significant accounting policies continued**2.29 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.29.1 Restoration costs

Environmental expenditure related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible is charged to profit or loss. The Group recognises its liability on a site-by-site basis when it can be reliably estimated. This liability includes the Group's portion of the total costs and also a portion of other potentially responsible parties' costs when it is probable that they will not be able to satisfy their respective shares of the clean-up obligation. Recoveries of reimbursements are recorded as assets when virtually certain.

The Group has an obligation to restore quarry sites due to the mining activities in those areas. The provision for the site restoration is determined based on the disturbed areas and is measured at the present value of the expected future cash flows that will be required to perform the site restoration. The estimated future costs for known restoration requirements are determined on a site-by-site basis. The cash flows are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, timing of future cash flows, or in the discount rate applied, are accounted for in the profit or loss at each statement of financial position date.

2.30 Contingencies

Contingent liabilities are not recognised in the consolidated and separate statements of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

2.31 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares as if the bonus shares were outstanding at the beginning of earliest period presented.

Diluted earnings per share are computed by dividing adjusted net income available to shareholders of the Company by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares. The Group does not have any dilutive instruments.

2.32 Leases**Leases – as a lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2. Significant accounting policies continued

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated and separate statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2. Significant accounting policies continued

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leases – as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.33 IAS 29 Financial Reporting in Hyperinflationary Economies

The Dangote Cement Plc Group has classified Ethiopia as a hyperinflationary economy in accordance with the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29). This is supported by the three years cumulative inflation which has reached 100% as evidenced by the official Consumer Price Index (CPI) that moved from 153.9 in 2019 to 328.9 in 2022.

This is the first-time application of IAS 29 in the consolidated financial statements. The gain on net monetary position relating to price changes in current and prior periods is recognised in the statement of profit or loss and directly in equity respectively.

The initial adoption of IAS 29 resulted in gains on monetary assets for the current year and prior periods amounting to ₦29.02 billion and ₦62.69 billion which were recorded in the statement of profit or loss and directly in equity, respectively

The results of Dangote Industries Ethiopia Plc operations with a functional currency of Ethiopian BIRR have been prepared in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29). The Dangote Cement Plc Group adopted hyperinflation accounting from 1 January 2022 for the results and financial position of the subsidiary in Ethiopia.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Ethiopia Central Statistical Office. The conversion factors used to restate the financial statements at 31 December 2022 are as follows

	Index	Conversion Factor
31 December 2022	328.90	1.00
31 December 2021	245.75	1.34
31 December 2020	181.90	1.81

2. Significant accounting policies continued

The main procedures applied in the restatement of transactions and balances for the Ethiopia subsidiary are as follows:

All corresponding figures as of, and for, the prior year ended, are restated by applying the change in the index from the end of the prior year to the end of the current year.

Monetary assets and liabilities for the current year, are not restated because they are already stated in terms of the measuring unit current at statement of financial position date;

Non-monetary assets and liabilities, and components of shareholders equity/funds, are restated by applying the change in index from date/month of transaction or, if applicable, from the date of their most recent revaluation to the statement of financial position date;

Property, plant and equipment and intangible assets are restated by applying the change in the index from the date of transaction, or if applicable from the date of their most recent / last revaluation, to the statement of financial position date. Depreciation and amortization amounts are based on the restated amounts;

Profit or loss statement items / transactions, except depreciation and amortization charges as explained above, are restated by applying the change in index during the period to statement of financial position date;

Gains and losses arising from net monetary asset or liability positions are included in the profit or loss statement; and

All items in the cash flow statement are expressed in terms of the measuring unit current at the statement of financial position date.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under the historical cost convention. The policies affected are:

Financing costs and exchange differences: capitalisation during construction of qualifying assets is considered to be a partial recognition of inflation and is reversed to the statement of profit or loss and replaced by indexation of cost.

Inventories: these are carried at the lower of indexed cost and net realisable value.

Donated assets: these are fair valued at the time of receipt, and the resultant gain is treated in the same way as any restatement gain.

Comparative amounts in the Group financial statements have not been restated for changes in the price level as the presentation currency of the Group is that of a non-hyperinflationary economy

The initial adoption of IAS 29 resulted in uplift for net asset value and profit for the year with ₦93.60 billion and ₦25.79 billion respectively. The results, net assets and cash flows were translated from Ethiopian BIIR to Naira at a closing rate on 31 December 2022 of 1 Naira to 8.4752 Ethiopian BIRR

The table below shows the 2022 historical and inflation adjusted numbers for Dangote Industries Ethiopia Plc

	Inflation adjusted 31/12/2022 ₦million	Historical 31/12/2022 ₦million
Information in respect of the profit and loss		
Revenue	103,272	89,163
Profit from operating activities	17,064	21,604
Gain on monetary assets	29,022	-
Profit before tax	33,323	11,223
Profit for the year	28,683	2,889
Information in respect of the financial position of the subsidiaries		
Total non-current assets	171,418	50,445
Total current assets	99,225	93,248
Total assets	270,643	143,692
Total current liabilities	99,028	98,793
Total non-current liabilities	90,142	57,028
Total equity/Net asset	81,473	(12,129)

3 Application of new and revised International Financial Reporting Standards (IFRSs)**3.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements**

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 (The Annual Improvements include amendments to four Standards).*IFRS 1 First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

These amendments do not have any material impact on the Group Financial Statements

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. This has no material impact on the Group Financial Statements.

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. This has no material impact on the Group Financial Statements.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

This has no material impact on the Group Financial Statements.

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued**3.2 New and revised IFRSs in issue but not yet effective**

IFRS 17 (including the June 2020 amendments to IFRS 17)	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IFRS 17 Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees. The implementation of the Standard is unlikely to bring significant changes to the financial statements as the Group does not hold insurance contracts.

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

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. This is not expected to have a material impact on the Group Financial Statements

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued**Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

These amendments are not expected to have a material impact on the Group Financial Statements

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors anticipate that the amendment will have an impact on the Financial Statements if such changes in accounting estimates and errors occur.

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued**Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

The Directors anticipate that the amendment will have an impact of the Financial Statements if such transactions occur.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, 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. The management of the Group revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the consolidated and separate financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the consolidated and separate financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

4. Critical accounting judgements and key sources of estimation uncertainty continued**4.1 Critical accounting judgements****4.1.1 Provisions and Contingencies**

The Group makes judgements in recognition and measurement of provisions and contingencies especially relating to key assumptions about the likelihood and magnitude of an outflow of resources. See note 35

4.2 Key sources of estimation uncertainty**4.2.1 Impairment of property, plant and equipment**

Assumptions underlying the estimation of value in use in respect of cash-generating units for impairment testing purposes require the use of estimates such as long-term discount rates and growth rates.

4.2.2 Provision for site restoration

Where the Group is legally, contractually or constructively required to restore a site, the estimated costs of site restoration are accrued for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of site restoration are reviewed annually and adjusted as appropriate. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of future activities. See further details in Note 28

4.2.3 Uncertain tax treatments

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2.4 Measurement of ECL allowance on trade receivables

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes significant assumptions in line with the expected credit loss model of IFRS 9 in determining the weighted average loss rate. See further details in Note 21.

4.2.5 Employee benefit obligations

The cost of the defined benefit plans and the present value of retirement benefit obligations and long service awards are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, these obligations are highly sensitive to changes in assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bond in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. Further information is provided in Note 29.

4.2.6 Impairment of investment in subsidiaries

Management estimates the recoverable amount of the Investment in subsidiaries by assessing the value in use. Estimating the recoverable amount involves a number of assumptions, judgements and estimates regarding various inputs.

4.2.7 Deferred tax asset

Recognition of deferred tax asset: assumptions about the availability of future taxable profit against which tax losses carried forward can be utilised.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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5 Revenue

	Group		Company	
5.1 Volumes	2022	2021	2022	2021
	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes
Cement production and bagging capacity (for the year)	51,550	51,550	29,250	29,250
Production volume*	27,240	28,516	15,629	16,832
Trade cement purchase*	678	600	2,395	1,557
Decrease/(increase) in stocks**	(151)	155	(183)	223
Sales volume*	27,767	29,271	17,841	18,612

* includes both cement and clinker volumes

** Decrease/(increase) in stocks refers to the difference between the opening and closing stocks for the year.

An analysis of revenue in naira is as follows:

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦million	₦million	₦million	₦million
5.2 Revenue from contracts with customers				
Revenue from sales of cement and clinker	1,618,320	1,383,635	1,205,401	993,399
Revenue from sales of other products	3	2	-	-
	1,618,323	1,383,637	1,205,401	993,399

Group revenue after adjusting intra-group sales as shown above are from external customers

5.3 Information about major customers

Included in revenue arising from direct sales of cement of ₦1,618.3 billion (2021: ₦1,383.6 billion) is revenue of approximately ₦37.2 billion (2021: ₦40.0 billion) which arose from sales to the Group's largest customer.

No single customer contributed 10% or more to the Group's revenue for both 2022 and 2021 financial years.

5.4 Disaggregation of revenue from contracts with customers

The table below shows the revenue from contracts with customers disaggregated by domestic sales vis-à-vis export sales. It also shows a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Nigeria		Pan Africa		Total	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦million	₦million	₦million	₦million	₦million	₦million
Domestic sales	1,172,865	956,960	389,088	369,259	1,561,953	1,326,219
Export sales	32,536	36,439	25,742	28,070	58,278	64,509
	1,205,401	993,399	414,830	397,329	1,620,231	1,390,728
Inter-segment sales	-	-	-	-	(1,908)	(7,091)
	1,205,401	993,399	414,830	397,329	1,618,323	1,383,637

6 Segment information

6.1 Products and services from which reportable segments derive their revenue

The Executive Management Committee is the Company's Chief Operating Decision Maker. Management has determined operating segments based on the information reported and reviewed by the Executive Management Committee for the purposes of allocating resources and assessing performance. The Executive Management Committee reviews internal management reports on at least a quarterly basis. These internal reports are prepared on the same basis as the accompanying consolidated and separate financial statements.

Segment information is presented in respect of the Group's reportable segments. For management purposes, the Group is organised into business units by geographical areas in which the Company operates. The Group has 2 reportable segments based on location of the principal operations as follows:

- Nigeria (includes Company and all subsidiaries operating in Nigeria. See Note 18.1)
- Pan Africa (includes entities operating outside Nigeria. See Note 18.1)

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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6 Segment information continued

6.2 Segment revenue and results

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment. Performance is measured based on segment sales revenue, earnings before interest, tax, depreciation and amortization (EBITDA) and profit from operating activities, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment revenue and operating profit are used to measure performance as management believes that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within the industry.

For the year ended 31 December 2022

Segment Results	Nigeria	Pan Africa	Central Administra- tive costs	Eliminations	Total
	N'million	N'million	N'million	N'million	N'million
Revenue	1,205,401	414,830	-	(1,908)	1,618,323
EBITDA*	658,774	64,918	(16,691)	1,237	708,238
Depreciation, amortisation, write off and Impairment	72,575	51,460	-	(1,673)	122,362
Other income	3,268	2,415	-	(350)	5,333
Profit from operating activities	586,199	13,458	(16,691)	2,910	585,876
Finance income	153,321	26,767	-	(141,373)	38,715
Finance costs	97,573	174,699	-	(141,902)	130,370
Gain on monetary assets	-	29,022	-	-	29,022
Income tax expense	135,648	6,043	-	-	141,691
Profit/(loss) after tax	506,299	(111,495)	(16,691)	4,198	382,311
Segment Assets & Liabilities					
Non-current assets	2,004,090	814,593	-	(1,226,489)	1,592,194
Current assets	924,409	286,461	-	(187,409)	1,023,461
Total Assets	2,928,499	1,101,054	-	(1,413,898)	2,615,655
Segment liabilities	1,199,177	1,361,137	-	(1,023,606)	1,536,708
Net additions to non-current assets, excluding deferred tax	56,611	112,142	-	(104,566)	64,187

* represents earnings before interest, taxes, share of profit from associate, depreciation, amortisation & impairment.

For the year ended 31 December 2021

Segment Results	Nigeria	Pan Africa	Central Administra- tive costs	Eliminations	Total
	N'million	N'million	N'million	N'million	N'million
Revenue	993,399	397,329	-	(7,091)	1,383,637
EBITDA*	610,196	88,830	(15,420)	989	684,595
Depreciation, amortisation, write off and Impairment	65,221	38,558	-	(1,675)	102,104
Other Income	1,376	4,845	-	-	6,221
Profit from operating activities	544,975	50,272	(15,420)	2,664	582,491
Finance income	92,785	36,420	-	(108,440)	20,765
Finance costs	44,688	97,260	-	(76,241)	65,707
Income tax expense	153,912	20,015	-	-	173,927
Profit/(loss) after tax	439,160	(30,583)	(15,420)	(28,718)	364,439
Segment Assets & Liabilities					
Non-current assets	1,942,858	698,042	-	(1,121,923)	1,518,977
Current assets	892,475	230,926	-	(250,359)	873,042
Total Assets	2,835,333	928,968	-	(1,372,282)	2,392,019
Segment liabilities	1,153,211	1,256,375	-	(1,001,236)	1,408,350
Net additions to non-current assets, excluding deferred tax	153,232	14,919	-	(114,942)	53,209

* represents earnings before interest, taxes, share of profit from associate, depreciation, amortisation & impairment.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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6 Segment information continued

6.3 Eliminations and Adjustments

Elimination and Adjustments relate to the following:

- Profit/(loss) after tax of ₦4.2 billion (2021: ₦28.7 billion) is due to elimination of interest on inter-company loan, trading activities and exchange differences on net investment reclassified to other comprehensive income.
- Non-current assets of ₦1,226.5 billion (2021: ₦1,121.9 billion) is due to the elimination of investment in subsidiaries with the parent's share of their equity and non current inter-company payable and receivable balances.
- Current assets of ₦187.4 billion (2021: ₦250.4 billion) is due to the elimination of current inter-company payable and receivable balances.
- Total liabilities of ₦1,023.6 billion (2021: ₦1,001.2 billion) are due to the elimination of inter-company due to and due from subsidiaries.
- Finance income of ₦141.4 billion (2021: ₦108.4 billion) and finance cost of ₦141.9 billion (2021: ₦76.2 billion) is due to the elimination of interest on inter-company loan and exchange differences reclassified to other comprehensive income.
- Revenue of ₦1.9 billion (2021: ₦7.1 billion) represents sales by the Nigeria region to the Pan Africa regions.

In addition to the depreciation and amortisation reported above, a sum of ₦2.0 billion (2021: ₦1.3 billion) in the financial statements represents write off in respect of property, plant and equipment in Pan Africa.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Each segment bears its administrative costs and there are no allocations from central administration. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance. Group financing (including finance income and finance costs) and income taxes are managed at an individual company level.

A reconciliation of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is presented below:

	Group	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
EBITDA	708,238	684,595
Depreciation and amortisation, write off and impairment	(122,362)	(102,104)
Profit from operating activities	585,876	582,491
Finance income	38,715	20,765
Finance costs	(130,370)	(65,707)
Gain on monetary assets	29,022	-
Share of profit from associate	759	817
Profit before tax	524,002	538,366
Income tax expense	(141,691)	(173,927)
Profit after tax	382,311	364,439
	2022 ₦'million	2021 ₦'million
Non current assets by country excluding deferred tax		
Nigeria	2,004,090	1,942,858
South Africa	69,043	68,973
Senegal	89,857	90,417
Zambia	59,301	58,107
Ethiopia	171,418	52,322
Tanzania	181,920	183,649
Congo	89,919	93,332
Cameroon	45,792	45,937
Ghana	12,467	18,507
Sierra Leone	8,613	14,017
Cote d'Ivoire	78,087	63,715
Significant revenue by country (external customers)		
Nigeria	1,203,493	986,308
Ghana	13,061	16,847
South Africa	64,472	69,122
Ethiopia	103,272	67,189
Zambia	31,188	31,798
Tanzania	74,382	63,656
Senegal	34,049	51,267
Cameroon	64,804	68,550
Sierra Leone	6,349	10,946
Congo	23,253	17,954

Revenues are attributed to individual countries based on the geographical location of where the cement and clinker originated.

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7. Production cost of sales

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Material consumed	196,517	175,367	224,774	139,129
Fuel & power consumed	266,486	196,634	133,182	113,953
Royalty*	2,429	1,667	1,297	791
Salaries and related staff costs	45,032	38,701	23,091	19,843
Depreciation & amortization	90,757	75,954	41,355	41,207
Plant maintenance	51,351	42,203	26,307	22,148
Other production expenses**	26,376	25,589	9,180	7,816
(Increase)/decrease in finished goods and work in progress	(16,058)	(5,096)	(4,064)	338
	662,890	551,019	455,122	345,225

* Royalty payable is charged based on volume of extraction made during the year.

** Other production expenses include expenses such as insurance cost on plant and machinery, site restoration cost, equipment rental among others.

8. Administrative expenses

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Salaries and related staff costs	25,118	15,933	16,609	7,963
Corporate social responsibility	1,897	3,534	1,337	2,149
Management fee (refer to (a) below)	5,235	5,413	5,235	5,413
Depreciation and amortisation	8,358	6,672	2,244	2,547
Auditors' remuneration (refer to (b) below)	724	697	372	388
Directors' remuneration	1,843	1,409	1,813	1,391
Rent, rate and insurance	6,448	6,804	1,933	2,382
Repairs and maintenance	1,648	1,467	1,148	1,045
Travel expenses	4,413	5,759	2,232	4,182
Bank charges	3,216	3,281	1,281	1,158
Professional and consultancy fees	2,844	2,286	1,389	944
Security expenses	2,939	2,203	894	739
Janitorial and Office Cleaning	1,417	897	913	808
General administrative expenses	8,821	4,083	4,423	588
Others	2,986	2,573	580	1,500
Impairment of non-financial assets	1,972	1,338	129	122
	79,879	64,349	42,532	33,319

(a) The management fee is charged by Dangote Industries Limited (DIL) for management and corporate services provided to Dangote Cement Plc. (DCP) It is an apportionment of DIL shared-service cost to DCP plus mark-up.

(b) Auditors' remuneration is detailed in the table below:

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Audit fees	667	652	347	361
Non-audit fees:				
Audit related services*	57	45	25	27
	724	697	372	388

* Included in audit related services are fees for limited quarterly review and certification of financial information.

Other employee related disclosures

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Aggregate payroll costs:				
Wages, salaries and staff welfare	86,328	68,401	51,012	37,977
Pension costs	2,444	3,546	1,363	1,372
Employee benefits obligation	1,551	877	1,508	614
	90,323	72,824	53,883	39,963

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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8. Administrative expenses continued

	2022 Number	2021 Number	2022 Number	2021 Number
Full time employees remunerated at higher rate excluding allowances:				
₦ ₦				
Up to 250,000	540	299	-	53
250,001 - 500,000	2,799	7,107	1,901	6,918
500,001 - 750,000	8,842	4,604	8,509	4,332
750,001 - 1,000,000	2,203	1,569	1,890	1,391
1,000,001 - 1,250,000	1,480	1,361	1,273	1,223
1,250,001 - 1,500,000	648	516	539	426
1,500,001 - 2,000,000	817	475	635	359
2,000,001 and above	1,783	1,816	1,050	514
	19,112	17,747	15,797	15,216
The average number of full time employees employed during the year excluding Directors was as follows:				
Management	1,475	826	1,158	604
Non-management	17,218	15,874	14,265	13,565
	18,693	16,700	15,423	14,169

Chairman's and Directors' remuneration

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Directors' remuneration comprises:				
Emoluments	1,843	1,409	1,813	1,391
	1,843	1,409	1,813	1,391
Chairman	54	44	54	44
Highest paid Director	736	531	736	531

Number of Directors whose emoluments were within the following ranges:

₦ ₦	2022 Number	2021 Number	2022 Number	2021 Number
1 - 20,000,000	-	1	-	1
Above 20,000,000	15	15	15	15
	15	16	15	16

9. Selling and distribution expenses

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Salaries and related staff costs	20,173	18,190	14,183	12,157
Depreciation	21,275	18,140	16,666	14,966
Advertisement and promotion	7,514	3,206	6,855	2,637
Haulage expenses	242,457	147,495	184,101	98,540
Others	3,815	4,627	3,120	3,985
	295,234	191,658	224,925	132,285

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Finance income and finance costs

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
10.1 Finance income:				
Interest income	38,715	20,765	73,540	48,031
Dividend income	-	-	4,707	-
Others - foreign exchange gain	-	-	43,617	44,752
	38,715	20,765	121,864	92,783
10.2 Finance costs:				
Interest expenses*	75,242	57,173	61,388	42,265
Less: amounts included in the cost of qualifying assets (Note 15)	-	(847)	-	(340)
	75,242	56,326	61,388	41,925
Foreign exchange loss	53,929	8,766	-	-
Other finance cost	1,199	615	1,153	576
	130,370	65,707	62,541	42,501

* The average effective interest rate on funds borrowed generally is 11.64% and 10.56% per annum for Group and Company respectively. (2021: 10.75% per annum for Group and 11.3% per annum for Company).

All interest income and interest costs are from financial instrument measured at amortised cost.

The schedule below shows the exchange rates presented in one unit of foreign currency to Naira for the significant currencies used in the group:

Currency	2022		2021	
	Average rate	Year-end rate	Average rate	Year-end rate
South African Rand to Naira	26.2650	27.0600	25.9000	26.9558
Central Africa Franc to Naira	0.6872	0.7503	0.7393	0.7353
Ethiopian Birr to Naira	8.0994	8.4752	9.1935	8.4522
Zambian Kwacha to Naira	25.2850	25.5457	21.2745	25.4826
Tanzanian Shilling to Naira	0.1847	0.1980	0.1779	0.1847
Ghanaian Cedi to Naira	50.2696	47.0510	70.0157	70.1008
United States dollar to Naira	428.9467	461.1000	410.9200	424.1100

11. Other income

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Insurance claims	2,024	501	923	202
Government grant	34	71	1	36
Sale of scrap	509	279	474	194
Gain from disposal of property, plant and equipment	21	378	-	359
Other miscellaneous income*	2,745	4,992	2,152	1,184
	5,333	6,221	3,550	1,975

* Other miscellaneous income includes ₦383.07 million (2021: ₦3.42 billion) derived from the sale of electricity and ₦2.15 billion (2021: ₦1.18 billion) from sale of raw materials to subsidiaries recognised in Company.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Profit before tax

Profit before tax includes the following charges/(credits):

	Group		Company	
	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million
Depreciation of property, plant and equipment and right-of-use asset	120,029	100,488	60,213	58,656
Amortisation of intangible assets	361	278	52	64
Auditors' remuneration	724	697	372	388
Employee benefits expenses	90,323	72,824	53,883	39,963
Gain on disposal of property, plant and equipment	21	378	-	359
Lease rental expenses	2,414	1,285	531	189
Directors emoluments	1,843	1,409	1,813	1,391
Write off & impairment of property, plant, equipment and intangible assets	1,972	1,338	129	122
Foreign exchange loss/(gain)	53,929	8,766	(43,617)	(44,752)
Management service fee	5,235	5,413	5,235	5,413
Royalty	2,429	1,667	1,297	791
Impairment of financial assets	(223)	341	705	402

13 Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Group		Company	
	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million
Profit for the year attributable to owners of the Company	375,988	361,008	402,857	381,100

	Year ended 31/12/2022 Units (million)	Year ended 31/12/2021 Units (million)	Year ended 31/12/2022 Units (million)	Year ended 31/12/2021 Units (million)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	16,880	17,000	16,880	17,000
Basic & diluted earnings per share (Naira)	22.27	21.24	23.87	22.42

14. Income taxes

14.1 Income tax expense recognised in profit or loss

	Group		Company	
	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million
Current tax				
Current year	(168,601)	(154,915)	(155,668)	(144,861)
Deferred tax				
Origination and reversal of temporary differences	26,910	(19,012)	13,535	(8,464)
Total income tax expense recognised in the current year	(141,691)	(173,927)	(142,133)	(153,325)

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Income taxes continued

The income tax expense for the year can be reconciled to the profit before tax as follows:

	Group		Company	
	Year ended 31/12/2022	Year ended 31/12/2021	Year ended 31/12/2022	Year ended 31/12/2021
	₦'million	₦'million	₦'million	₦'million
Profit before tax	524,002	538,366	544,990	534,425
Income tax expense calculated at 30% (2021: 30%)	(157,201)	(161,510)	(163,497)	(160,328)
Education Tax	(13,193)	(13,055)	(13,193)	(13,055)
Effect of tax holiday and income that is exempt from taxation	39,849	26,991	10,899	7,826
Effect of expenses that are not deductible in determining taxable profit	1,946	(337)	(201)	(13)
Effect of previously unrecognised temporary difference now recognised as deferred tax assets.	3,405	-	-	-
Effect of previously recognised temporary difference now derecognised as deferred tax assets.	-	(36)	-	-
Effect of deferred tax not recognised on net investment exchange gains	23,792	2,727	21,176	11,680
Effect of prior year over provision	2,739	(1,102)	1,224	342
Effect of Investment allowance	580	401	580	401
Effect of income taxed at different rates	41	901	225	901
Effect of unused tax losses and offsets not recognised as deferred tax assets	(43,964)	(28,030)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	411	460	-	-
Others	(96)	(1,337)	654	(1,079)
Income tax expense recognised in profit or loss	(141,691)	(173,927)	(142,133)	(153,325)

The income tax rate of 30% was used for the company income tax computation as established by the tax legislation of Nigeria effective in 2022 and 2021. Among others, the income tax rate in South Africa is 28%, in Cameroon, 38.5% and 35% in Zambia.

14.2 Current tax assets

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Balance at beginning of the year	3,051	7,029	2,542	5,511
Charge for the year	(374)	774	-	-
Payments during the year	386	291	-	-
Additional road infrastructure tax credit	183	22,296	183	22,296
Tax credit utilised to offset current tax payable	(1,814)	(27,021)	(1,814)	(25,265)
Effect of currency exchange difference	3	(318)	-	-
Balance at the end of the year	1,435	3,051	911	2,542

14.3 Current tax liabilities

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Balance at beginning of the year	153,385	59,781	146,517	58,117
Charge for the year	168,227	155,689	155,668	144,861
Payments during the year	(150,380)	(33,117)	(143,431)	(31,196)
Withholding tax credit and grant utilised	(1,522)	(21)	-	-
Tax credit utilised to offset current tax liabilities	(1,814)	(27,021)	(1,814)	(25,265)
Effect of currency exchange difference	75	(1,926)	-	-
Balance at the end of the year	167,971	153,385	156,940	146,517

14.3.1 Income tax paid

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Current tax assets (Note 14.2)	386	291	-	-
Current tax liabilities (Note 14.3)	150,380	33,117	143,431	31,196
Income tax paid as per statement of cash flows	150,766	33,408	143,431	31,196

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Income taxes continued

14.4 Deferred tax balance

	Group		Company	
	31/12/2022 N'million	31/12/2021 N'million	31/12/2022 N'million	31/12/2021 N'million
Deferred tax assets	14,193	5,163	-	-
Deferred tax liabilities	(154,026)	(135,003)	(112,691)	(126,226)
Net deferred tax liabilities	(139,833)	(129,840)	(112,691)	(126,226)

Group	31/12/2022					
	Opening balance N'million	Recognised in profit or loss N'million	Effect of currency translation N'million	Net closing balance N'million	Deferred tax assets N'million	Deferred tax liabilities N'million
Deferred tax (liabilities)/assets in relation to:						
Property, plant & equipment	(143,110)	1,149	(103,274)	(245,235)	7,675	(257,533)
Unrealised exchange gains/losses	(19,676)	15,024	-	(4,652)	1,154	-
Employee benefits	1,419	1,721	16	3,156	3,156	-
Provision	6,706	10,043	65,323	82,072	82,409	-
Tax losses	25,029	(570)	1,160	25,619	24,099	-
Right-of-use assets	(208)	(457)	(128)	(793)	11	(804)
Deferred tax (liabilities)/assets before set-off	(129,840)	26,910	(36,903)	(139,833)	118,504	(258,337)
Set-off of tax	-	-	-	-	(104,311)	104,311
Net tax (liabilities)/assets	(129,840)	26,910	(36,903)	(139,833)	14,193	(154,026)

	31/12/2021					
	Opening balance N'million	Recognised in profit or loss N'million	Effect of currency translation N'million	Net closing balance N'million	Deferred tax assets N'million	Deferred tax liabilities N'million
Deferred tax (liabilities)/assets in relation to:						
Property, plant & equipment	(134,278)	(7,217)	(1,615)	(143,110)	-	(147,733)
Unrealised exchange gains/losses	(19,290)	(310)	(76)	(19,676)	-	(13,870)
Employee benefits	1,066	367	(14)	1,419	1,419	-
Provision	4,094	2,593	19	6,706	7,043	-
Tax losses	37,485	(14,583)	2,127	25,029	23,509	-
Right-of-use assets	(349)	138	3	(208)	18	(226)
Deferred tax (liabilities)/assets before set-off	(111,272)	(19,012)	444	(129,840)	31,989	(161,829)
Set-off of tax	-	-	-	-	(26,826)	26,826
Net tax (liabilities)/assets	(111,272)	(19,012)	444	(129,840)	5,163	(135,003)

Company	31/12/2022		
	Net opening balance N'million	Recognised in profit or loss N'million	Net closing balance N'million
Deferred tax (liabilities)/assets in relation to:			
Property, plant & equipment	(115,430)	(3,944)	(119,374)
Unrealised exchange gains/losses	(13,871)	15,024	1,153
Employee benefits obligations	1,066	1,713	2,779
Provision	2,193	334	2,527
Right-of-use assets	(184)	408	224
Deferred tax liabilities	(126,226)	13,535	(112,691)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Income taxes continued

Company

	Net opening balance ₦'million	31/12/2021 Recognised in profit or loss ₦'million	Net closing balance ₦'million
Deferred tax (liabilities)/assets in relation to:			
Property, plant & equipment	(105,948)	(9,482)	(115,430)
Unrealised exchange gains/losses	(14,412)	541	(13,871)
Employee benefits obligations	1,066	-	1,066
Provision	1,881	312	2,193
Right-of-use assets	(349)	165	(184)
Deferred tax liabilities	(117,762)	(8,464)	(126,226)

Tax authorities in various jurisdictions where the Group operates in, reserve the right to audit the tax charges for the financial year ended 31 December 2022 and prior years. In cases where tax audits have been carried out and additional charges levied, the Group has responded to the tax authorities challenging the technical merits and made a provision it considers appropriate in line with the technical merits of issues raised by tax authorities.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised because it is not probable that future taxable profit will be available against which the benefits can be utilised, are attributable to the following:

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Tax losses	79,978	99,143	-	-
Unused tax credits	-	-	-	-
Deductible temporary differences	(5,273)	(6,728)	-	-
	74,705	92,415	-	-

The unrecognised tax credits will expire as follows:

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Year 1	-	13,038	-	-
Year 2	1,545	6,670	-	-
Year 3	1,233	21,758	-	-
Year 4	11,154	9,308	-	-
Year 5	11,062	-	-	-
After Year 5	605	509	-	-
No expiry date	49,106	41,132	-	-
	74,705	92,415	-	-

Deferred tax liability amounting to ₦50.1 billion (2021: ₦41.1 billion) for both Group and Company was not recognised in this financial statements. This relates to exchange on inter-company loans classified as part of the net investment in subsidiaries.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15 Property, plant and equipment

15.1 The Group

	Land, leasehold improvements and buildings N'million	Plant and machinery N'million	Motor vehicles N'million	Aircraft N'million	Furniture & equipment N'million	Capital work-In- progress N'million	Total N'million
Cost							
At 1 January 2021	261,999	1,193,221	242,247	4,028	13,144	269,306	1,983,945
Additions	1,800	7,255	2,035	-	714	174,010	185,814
Reclassifications	21,698	14,398	27,023	-	633	(63,752)	-
Transfers (Note 15.1.1)	(6,036)	(5,344)	(7)	-	-	(2,861)	(14,248)
Disposal	-	-	(85)	-	(7)	(857)	(949)
Write-off	-	(811)	(124)	-	(32)	(838)	(1,805)
Effect of foreign currency exchange rates differences	1,654	6,938	2,340	-	219	3,931	15,082
Balance at 31 December 2021	281,115	1,215,657	273,429	4,028	14,671	378,939	2,167,839
At 1 January 2022	281,115	1,215,657	273,429	4,028	14,671	378,939	2,167,839
Additions	861	9,887	4,531	-	448	50,218	65,945
Reclassifications	4,842	194,019	8,612	-	1,049	(208,522)	-
Transfers (Note 15.1.1)	-	(19)	(95)	-	(10)	(24,939)	(25,063)
Disposal	-	-	(95)	-	-	-	(95)
Write-off	(73)	(248)	(182)	-	(10)	(33)	(546)
Effect of foreign currency exchange rates differences	34,402	161,759	10,652	-	2,275	2,664	211,752
Balance at 31 December 2022	321,147	1,581,055	296,852	4,028	18,423	198,327	2,419,832
Accumulated depreciation and impairment							
At 1 January 2021	53,593	359,432	170,071	2,729	7,433	-	593,258
Depreciation expense	11,423	56,806	28,473	403	1,437	-	98,542
Transfers (Note 15.1.1)	(126)	-	-	-	-	-	(126)
Disposal	-	-	(83)	-	(6)	-	(89)
Impairment	-	(433)	(2)	-	(32)	-	(467)
Effect of foreign currency exchange rates differences	233	1,766	1,773	-	90	-	3,862
Balance at 31 December 2021	65,123	417,571	200,232	3,132	8,922	-	694,980
At 1 January 2022	65,123	417,571	200,232	3,132	8,922	-	694,980
Depreciation expense	12,487	72,380	30,895	403	1,690	-	117,855
Transfers (Note 15.1.1)	-	-	(22)	-	-	-	(22)
Disposal	-	-	(95)	-	-	-	(95)
Impairment	(66)	(234)	1,733	-	(7)	-	1,426
Effect of foreign currency exchange rates differences	12,685	54,522	9,839	-	1,349	-	78,395
Balance at 31 December 2022	90,229	544,239	242,582	3,535	11,954	-	892,539
Carrying amounts:							
At 1 January 2021	208,406	833,789	72,176	1,299	5,711	269,306	1,390,687
At 31 December 2021	215,992	798,086	73,197	896	5,749	378,939	1,472,859
At 31 December 2022	230,918	1,036,816	54,270	493	6,469	198,327	1,527,293

15.1.1 Represents amounts transferred to customers, vendors and related parties.

15.1.2 Borrowing cost capitalised to property, plant and equipment for the Group was Nil (2021: ₦0.85 billion) calculated at an average interest rate of Nil (2021: 7.5%)

15.1.3 Some borrowings are secured by a debenture on all the fixed and floating assets (Note 26)

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Property, plant and equipment continued

15.2 The Company

	Land, leasehold improvements and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-In- progress ₦'million	Total ₦'million
Cost							
At 1 January 2021	70,343	642,500	164,702	4,028	4,552	43,084	929,209
Additions	1,310	131	1,445	-	147	69,371	72,404
Reclassifications	18,264	9,374	27,049	-	506	(55,193)	-
Transfers (Note 15.2.1)	-	(4,859)	(4)	-	-	(5,712)	(10,575)
Disposal	-	-	(5)	-	(7)	(857)	(869)
Write-off	-	-	(122)	-	-	-	(122)
Balance at 31 December 2021	89,917	647,146	193,065	4,028	5,198	50,693	990,047
At 1 January 2022	89,917	647,146	193,065	4,028	5,198	50,693	990,047
Additions	32	1,942	110	-	26	24,339	26,449
Reclassifications	358	17,394	8,206	-	479	(26,437)	-
Transfers (Note 15.2.1)	-	(19)	(95)	-	(10)	(22,810)	(22,934)
Balance at 31 December 2022	90,307	666,463	201,286	4,028	5,693	25,785	993,562
Accumulated depreciation & impairment							
At 1 January 2021	18,092	239,579	113,435	2,729	3,448	-	377,283
Depreciation expense	3,276	30,338	23,170	403	704	-	57,891
Disposal	-	-	(4)	-	(6)	-	(10)
Balance at 31 December 2021	21,368	269,917	136,601	3,132	4,146	-	435,164
At 1 January 2022	21,368	269,917	136,601	3,132	4,146	-	435,164
Depreciation expense	3,512	30,250	24,599	403	634	-	59,398
Transfers (Note 15.2.1)	-	-	(22)	-	-	-	(22)
Impairment	-	-	129	-	-	-	129
Balance at 31 December 2022	24,880	300,167	161,307	3,535	4,780	-	494,669
Carrying amounts:							
At 1 January 2021	52,251	402,921	51,267	1,299	1,104	43,084	551,926
At 31 December 2021	68,549	377,229	56,464	896	1,052	50,693	554,883
At 31 December 2022	65,427	366,296	39,979	493	913	25,785	498,893

15.2.1 Represents amounts transferred to customers, vendors and related parties.

15.2.2 Borrowing cost capitalised to property, plant and equipment for the Company was Nil (2021: ₦0.34 billion) calculated at an average interest rate of Nil (2021: 6.4%)

15.2.3 Some borrowings are secured by a debenture on all the fixed and floating assets (Note 26)

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Property, plant and equipment continued

15.3 Capital work in progress

Capital work in progress comprises amounts incurred with respect to Leasehold improvements and buildings, Plant and machinery, Motor vehicles as well as Furniture and equipment as at year end.

	Group		Company	
	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million	Year ended 31/12/2022 N'million	Year ended 31/12/2021 N'million
Closing capital work in progress is analysed as follows:				
Leasehold improvements and buildings	4,127	8,156	800	751
Plant and machinery	191,927	333,695	24,275	15,063
Motor vehicles	930	36,941	710	34,879
Furniture & equipment	1,343	147	-	-
	198,327	378,939	25,785	50,693

16 Intangible assets

	Group			Company	
	Computer software N'million	Exploration assets N'million	Total N'million	Computer software N'million	Total N'million
Cost					
At 1 January 2021	5,371	3,325	8,696	1,539	1,539
Additions	557	291	848	31	31
Write off	(78)	-	(78)	-	-
Effect of foreign currency exchange rates differences	(83)	(4)	(87)	-	-
Balance at 31 December 2021	5,767	3,612	9,379	1,570	1,570
At 1 January 2022	5,767	3,612	9,379	1,570	1,570
Additions	49	258	307	19	19
Write off	(118)	-	(118)	-	-
Effect of foreign currency exchange rates differences	732	1,288	2,020	-	-
Balance at 31 December 2022	6,430	5,158	11,588	1,589	1,589
Accumulated amortization and impairment					
At 1 January 2021	3,880	262	4,142	1,359	1,359
Amortization expense	240	38	278	64	64
Impairment	(78)	-	(78)	-	-
Effect of foreign currency exchange rates differences	(69)	(16)	(85)	-	-
Balance at 31 December 2021	3,973	284	4,257	1,423	1,423
At 1 January 2022	3,973	284	4,257	1,423	1,423
Amortization expense	281	80	361	52	52
Impairment	(118)	-	(118)	-	-
Effect of foreign currency exchange rates differences	653	210	863	-	-
Balance at 31 December 2022	4,789	574	5,363	1,475	1,475
Carrying amounts:					
At 1 January 2021	1,491	3,063	4,554	180	180
At 31 December 2021	1,794	3,328	5,122	147	147
At 31 December 2022	1,641	4,584	6,225	114	114

Computer software represent software which is amortised on a straight line basis.

Exploration assets are amortised in line with the useful life of the mines.

Amortisation of intangible assets is included in note 7 and note 8.

There are no development expenditure capitalised as internally generated intangible asset.

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17 Right-of-use assets

17.1 The Group

	Land and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Total ₦'million
Cost				
At 1 January 2021	13,908	1,094	1,422	16,424
Additions	1,494	372	181	2,047
Transfers (Note 17.1.1)	6,024	-	-	6,024
Disposal	-	(289)	-	(289)
Effect of foreign currency exchange rates differences	(83)	(11)	(17)	(111)
Balance at 31 December 2021	21,343	1,166	1,586	24,095
At 1 January 2022	21,343	1,166	1,586	24,095
Additions	2,076	-	3	2,079
Disposal	-	-	(300)	(300)
Write off	-	-	(121)	(121)
Effect of foreign currency exchange rates differences	6,129	52	58	6,239
Balance at 31 December 2022	29,548	1,218	1,226	31,992
Accumulated depreciation				
At 1 January 2021	2,601	468	761	3,830
Depreciation expense	1,308	328	310	1,946
Transfers (Note 17.1.1)	126	-	-	126
Disposal	-	(289)	-	(289)
Effect of foreign currency exchange rates differences	(62)	(5)	(17)	(84)
Balance at 31 December 2021	3,973	502	1,054	5,529
At 1 January 2022	3,973	502	1,054	5,529
Depreciation expense	1,525	360	289	2,174
Disposal	-	-	(215)	(215)
Write off	-	-	(114)	(114)
Effect of foreign currency exchange rates differences	988	33	46	1,067
Balance at 31 December 2022	6,486	895	1,060	8,441
Carrying amounts:				
At 1 January 2021	11,307	626	661	12,594
At 31 December 2021	17,370	664	532	18,566
Balance at 31 December 2022	23,062	323	166	23,551

The Group leases several assets including cement depots, residential apartments, trucks, trailers, fleet vehicles, forklifts and land. The average lease term is 11.5 years (2021: 15.6 years). The Group lease term ranges from 2 years to 99 years.

Approximately 29 (2021: 26) of the leases for the Group expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets.

17.1.1 Represents amount of leases reclassified from property, plant and equipment.

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17 Right-of-use assets continued

17.2 The Company

	Land and buildings ₦'million	Total ₦'million
Cost		
At 1 January 2021	2,521	2,521
Additions	966	966
Balance at 31 December 2021	3,487	3,487
At 1 January 2022	3,487	3,487
Additions	1,078	1,078
Balance at 31 December 2022	4,565	4,565
Accumulated depreciation		
At 1 January 2021	1,357	1,357
Depreciation expense	765	765
Balance at 31 December 2021	2,122	2,122
At 1 January 2022	2,122	2,122
Depreciation expense	815	815
Balance at 31 December 2022	2,937	2,937
Carrying amounts:		
At 1 January 2021	1,164	1,164
At 31 December 2021	1,365	1,365
Balance at 31 December 2022	1,628	1,628

The Company leases several assets including cement depots, residential apartments. The average lease term is 3.05 years (2021: 2.50 years). The Company lease term ranges from 2 years to 15 years.

Approximately 28 of the 60 (2021: 26 of the 71) leases expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets. This resulted in additions to right-of-use assets of ₦1.08 billion (2021: ₦966 million).

17.3 Recognised in Profit or Loss

	Group		Company	
	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million	Year ended 31/12/2022 ₦'million	Year ended 31/12/2021 ₦'million
Amounts recognised in profit or loss:				
Depreciation expense on right-of-use assets	2,174	1,946	815	765
Interest expense on lease liabilities	1,118	842	97	36
Expense relating to short-term leases	1,296	443	434	153

As at 31 December 2022, the Group is committed to ₦0.98 billion (2021: ₦0.80 billion) for short-term leases.

All payments for leases are fixed.

The total cash outflow for leases amount to ₦3.70 billion (2021: ₦2.64 billion)

DANGOTE CEMENT PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Information regarding subsidiaries and associate

18.1 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting year are as follows;

Direct subsidiaries	Principal Activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/2022	31/12/2021
Dangote Cement South Africa (Pty) Limited	Cement production	South Africa	64.00%	64.00%
Dangote Cement (Ethiopia) Plc	Cement production	Ethiopia	99.97%	99.97%
Dangote Cement Zambia Limited	Cement production	Zambia	99.96%	99.96%
Dangote Cement Senegal S.A	Cement production	Senegal	99.99%	99.99%
Dangote Cement Cameroun S.A	Cement Grinding	Cameroun	99.97%	99.97%
Dangote Cement Limited, Tanzania	Cement production	Tanzania	99.70%	99.70%
Dangote Cement Congo S.A	Cement production	Congo	100.00%	100.00%
Dangote Cement (Sierra Leone) Limited	Bagging and distribution of cement	Sierra Leone	99.60%	99.60%
Dangote Cement Cote D'Ivoire S.A	Cement Grinding	Cote D'Ivoire	80.00%	80.00%
Dangote Industries Gabon S.A	Cement Grinding	Gabon	80.00%	80.00%
Dangote Cement Ghana Limited	Bagging and distribution of cement	Ghana	100.00%	100.00%
Dangote Cement - Liberia Ltd.	Bagging and distribution of cement	Liberia	100.00%	100.00%
Dangote Cement Burkina Faso S.A	Selling and distribution of cement	Burkina Faso	95.00%	95.00%
Dangote Cement Chad S.A	Selling and distribution of cement	Chad	95.00%	95.00%
Dangote Cement Mali S.A	Selling and distribution of cement	Mali	95.00%	95.00%
Dangote Cement Niger SARL	Selling and distribution of cement	Niger	95.00%	95.00%
Dangote Industries Benin S.A	Selling and distribution of cement	Benin	98.00%	98.00%
Dangote Cement Togo S.A	Selling and distribution of cement	Togo	90.00%	90.00%
Dangote Cement Kenya Limited	Cement production	Kenya	90.00%	90.00%
Dangote Quarries Kenya Limited	Limestone mining	Kenya	90.00%	90.00%
Dangote Cement Madagascar Limited	Cement production	Madagascar	95.00%	95.00%
Dangote Quarries Mozambique Limitada	Cement production	Mozambique	95.00%	95.00%
Dangote Cement Nepal Pvt. Limited	Cement production	Nepal	100.00%	100.00%
Dangote Zimbabwe Holdings (Private) Limited	Investment holding	Zimbabwe	90.00%	90.00%
Dangote Cement Zimbabwe (Private) Limited	Cement production	Zimbabwe	90.00%	90.00%
Dangote Energy Zimbabwe (Private) Limited	Power production	Zimbabwe	90.00%	90.00%
Dangote Mining Zimbabwe (Private) Limited	Coal production	Zimbabwe	90.00%	90.00%
Dangote Cement Guinea SA	Cement production	Guinea	95.00%	95.00%
Cimenterie Obajana Sprl- D.R. Congo	Cement production	D.R. Congo	98.00%	98.00%
Itori Cement Plc.	Cement production	Nigeria	99.00%	99.00%
Okpella Cement Plc.	Cement production	Nigeria	99.00%	99.00%
Dangote Takoradi Cement Production Limited	Cement Grinding	Ghana	99.00%	99.00%
Dangote Cement Yaounde	Cement Grinding	Cameroun	90.00%	90.00%
Dangote Cement Congo D.R. S.A	Cement production	D.R. Congo	99.00%	99.00%
DCP Cement Limited	Cement production	Nigeria	90.00%	90.00%
Dangote Mines Limited, Tanzania	Cement production	Tanzania	99.70%	99.70%
Dangote Contracting Services Limited, Tanzania	Contracting Services	Tanzania	99.70%	99.70%
Dangote Mining Niger S.A	Limestone mining	Niger	88.00%	88.00%
Dangote Ceramics Limited	Manufacturing of ceramics products	Nigeria	99.00%	99.00%
Indirect Subsidiaries				
Dangote Cement South Africa (Pty) Limited Subsidiaries				
Sephaku Development (Pty) Ltd	Mining right holder	South Africa	85.00%	85.00%
Sephaku Delmas Properties (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Blue Waves Properties 198 (Pty) Ltd	Exploration	South Africa	100.00%	100.00%
Sephaku Enterprise Development (Pty) Ltd	Cement production	South Africa	100.00%	100.00%
Dangote Dwaalboom mining (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Beneficial Ingenuity (Pty) Limited	Investment holding	South Africa	80.00%	80.00%

DANGOTE CEMENT PLC

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18 Information regarding subsidiaries and associate continued

Indirect Subsidiaries	Principal Activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/2022	31/12/2021
Beneficial Ingenuity (Pty) Limited Subsidiary				
Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	52.00%	52.00%
Dangote Cement Zambia Limited				
Dangote Quarries (Zambia) Limited	Limestone mining	Zambia	99.997%	99.997%
Dangote Fuels Zambia Limited	Selling and distribution of fuels	Zambia	99.00%	99.00%
Dangote Cement Nepal Pvt. Limited subsidiary				
Birat Cement Pvt. Limited	Cement production and distribution	Nepal	100.00%	100.00%

18.2 Investments in subsidiaries

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Dangote Cement South Africa (Pty) Limited	-	-	27,922	27,922
Dangote Cement (Ethiopia) Plc	-	-	40,036	40,036
Dangote Cement Zambia Limited	-	-	106	106
Dangote Cement Senegal S.A	-	-	64,782	64,782
Dangote Cement Cameroun S.A	-	-	15,160	15,160
Dangote Cement Ghana Limited	-	-	135	135
Dangote Cement Limited, Tanzania	-	-	13,851	13,851
Dangote Cement Congo S.A	-	-	86,997	3
Dangote Cement (Sierra Leone) Limited	-	-	18	18
Dangote Cement Cote D'Ivoire S.A	-	-	16	16
Dangote Industries Gabon S.A	-	-	31	31
Dangote Cement Burkina faso SA	-	-	3	3
Dangote Cement Chad SA	-	-	3	3
Dangote Cement Mali SA	-	-	3	3
Dangote Cement Niger SARL	-	-	7	7
Dangote Industries Benin S.A.	-	-	3	3
Dangote Cement Togo S.A.	-	-	5	5
Dangote Takoradi Cement Production Limited	-	-	141	141
Dangote Cement Madagascar Limited	-	-	2	2
Dangote Cement Congo D.R. S.A	-	-	6	6
Itori Cement Plc.	-	-	1	1
Okpella Cement Plc.	-	-	1	1
DCP Cement Limited	-	-	1	1
Dangote Ceramics Limited	-	-	10	10
Dangote Cement Yaounde	-	-	22	22
Dangote Mining Niger S.A	-	-	-	-
Dangote Cement - Liberia Ltd.	-	-	-	-
Dangote Cement Kenya Limited	-	-	-	-
Dangote Quarries Kenya Limited	-	-	-	-
Dangote Quarries Mozambique Limitada	-	-	-	-
Dangote Cement Nepal Pvt. Ltd.	-	-	-	-
Dangote Zimbabwe Holdings (Private) Limited	-	-	-	-
Dangote Cement Zimbabwe (Private) Limited	-	-	-	-
Dangote Energy Zimbabwe (Private) Limited	-	-	-	-
Dangote Mining Zimbabwe (Private) Limited	-	-	-	-
Dangote Cement Guinea SA	-	-	-	-
Cimenterie Obajana Sprl- D.R. Congo	-	-	-	-
Dangote Mines Limited, Tanzania	-	-	-	-
Dangote Contracting Services Limited, Tanzania	-	-	-	-
	-	-	249,262	162,268

18. Information regarding subsidiaries and associate continued

18.3 Investment in associate

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Societe des Ciments d' Onigbolo	1,582	1,582	1,582	1,582
Accumulated share of profit	4,946	4,129	-	-
	6,528	5,711	1,582	1,582
Dividend income	(4,707)	-	-	-
Current year share of profit	759	817	-	-
	2,580	6,528	1,582	1,582

The Group holds 43% of the voting rights in Societe des Ciments d' Onigbolo, a cement producing company incorporated in the Republic of Benin.

18.4 Composition of the Group

Information about the composition of the Group at the end of the reporting year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		31/12/2022	31/12/2021
Cement production	Congo	1	1
Bagging and distribution of cement	Liberia	1	1
Bagging and distribution of cement	Ghana	1	1
Cement production	Nepal	1	1

Principal activity	Place of incorporation and operation	Number of non- wholly-owned subsidiaries	
		31/12/2022	31/12/2021
Cement production	South Africa	1	1
Cement production	Ethiopia	1	1
Cement production	Zambia	1	1
Cement production	Senegal	1	1
Cement Grinding	Cameroun	2	2
Cement production	Tanzania	2	2
Contracting Services	Tanzania	1	1
Bagging and distribution of cement	Sierra Leone	1	1
Bagging and distribution of cement	Cote D'Ivoire	1	1
Cement Grinding	Gabon	1	1
Selling and distribution of cement	Burkina Faso	1	1
Selling and distribution of cement	Chad	1	1
Selling and distribution of cement	Mali	1	1
Selling and distribution of cement	Niger	1	1
Limestone mining	Niger	1	1
Limestone mining	Kenya	1	1
Cement production	Kenya	1	1
Cement production	Madagascar	1	1
Selling and distribution of cement	Benin	1	1
Selling and distribution of cement	Togo	1	1
Cement production	Mozambique	1	1
Holding company	Zimbabwe	1	1
Cement production	Zimbabwe	1	1
Power production	Zimbabwe	1	1
Coal production	Zimbabwe	1	1
Cement production	Guinea	1	1
Cement production	D.R. Congo	2	2
Cement production	Nigeria	3	3
Cement Grinding	Ghana	1	1
Manufacturing of ceramics products	Nigeria	1	1

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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18. Information regarding subsidiaries and associate continued

18.5 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of the non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31/12/2022	31/12/2021	31/12/2022 N'million	31/12/2021 N'million	31/12/2022 N'million	31/12/2021 N'million
Dangote Cement South Africa (Pty) Limited	South Africa	36.00%	36.00%	(163)	315	16,446	15,821

18.6 Change in the Company's ownership interest in a subsidiary

There are no changes to the Company's shareholding interest in any subsidiary during the year. Also, no entity was incorporated.

18.7 Significant restrictions

There are no significant restrictions on the Company's or its subsidiaries' ability to access or use its assets to settle the liabilities of the Group.

18.8 Summarised below is the financial information in respect of the Company's subsidiaries that have material non-controlling interests. Information below represent amounts before intragroup eliminations.

	Dangote Cement South Africa (Pty) Limited	
	31/12/2022 N'million	31/12/2021 N'million
Information in respect of the financial position of the subsidiaries		
Current assets	18,780	22,805
Non-current assets	74,437	74,068
Current liabilities	33,347	45,358
Non-current liabilities	8,945	2,326
Equity attributable to owners of the Company	50,785	49,084
Non-controlling interests	140	105
Information in respect of the profit and loss and other comprehensive income		
Revenue	64,472	69,122
Expenses	(64,912)	(66,121)
Tax expense	(12)	(2,126)
(Loss)/Profit for the year	(452)	875
(Loss)/Profit attributable to owners of the Company	(487)	838
Profit attributable to the non-controlling interests	35	37
(Loss)/Profit for the year	(452)	875
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(452)	875
Total comprehensive income attributable to owners of the Company	(487)	838
Total comprehensive income attributable to the non-controlling interests	35	37
Total comprehensive income for the year	(452)	875
Information in respect of the cash flows of the Subsidiary		
Dividends paid to non-controlling interests	-	-
Net cash inflow from operating activities	5,068	8,915
Net cash outflow from investing activities	(1,700)	(907)
Net cash outflow from financing activities	(9,078)	(12,143)
Net cash outflow	(5,710)	(4,135)

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19. Prepayments

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
19.1 Non-current				
Advance to contractors	1,267	4,759	211	211
Total non-current prepayments	1,267	4,759	211	211
19.2 Prepayments and other current assets				
Advance to contractors	18,287	17,055	4,934	7,051
Advance payment to suppliers	116,164	101,247	98,144	92,184
Rent, rates and insurance	3,624	3,495	1,181	1,298
Prepayment for road infrastructure tax credit	212	212	212	212
Total current prepayments and other assets	138,287	122,009	104,471	100,745
Due from related parties - current (Note 31)				
Parent company	29,522	27,929	29,522	27,929
Loans to parent company	143,812	50,000	143,812	50,000
Entities controlled by the parent company	134,612	111,724	128,965	106,224
Affiliates and associates of parent company	916	60	-	-
Subsidiaries	-	-	170,704	219,888
Total current receivables from related parties	308,862	189,713	473,003	404,041
Prepayments and other current assets	447,149	311,722	577,474	504,786

Non-current advances to contractors represent various advances made to contractors for the construction of plants while current advances to contractors represent various advances made for the purchase of AGO, coal and other materials which were not received at the year end.

20 Inventories

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Finished product	11,789	6,574	5,724	2,625
Work-in-progress	24,181	13,338	3,210	2,245
Raw materials	11,545	14,561	6,788	7,029
Packaging materials	11,613	12,618	6,024	7,793
Consumables	26,023	16,602	18,028	10,057
Fuel	31,891	13,577	24,630	5,822
Spare parts	104,779	76,207	58,468	43,398
Goods in transit	17,742	13,728	9,832	9,452
	239,563	167,205	132,704	88,421

The cost of inventories recognised as an expense during the year was ₦447.03 billion and ₦257.11 billion (2021: ₦331.84 billion and ₦211.89 billion) in the consolidated and separate financial statements respectively.

The amount recognised as inventories obsolescence during the year was ₦297.22 million (2021: 280.30 million) for Group and ₦13.60 million (2021: Nil) for Company.

The amount recognised as inventories write back during the year was ₦97.58 million (2021: 20.61 million) for Group and Nil (2021: Nil) for Company.

Some borrowings are secured by a debenture on all the fixed and floating assets (Note 26)

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21. Trade and other receivables

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Trade receivables	16,045	14,395	8,590	5,819
Impairment allowance on trade receivables	(1,462)	(1,685)	(1,251)	(1,484)
	14,583	12,710	7,339	4,335
Staff loans and advances	857	553	93	21
Value added tax receivables	4,087	6,720	-	-
Receivables from registrar	1,221	1,217	1,221	1,217
Other receivables*	24,742	26,269	8,189	10,225
Total trade and other receivables	45,490	47,469	16,842	15,798

Of the trade receivables balance at the end of the year in the consolidated and separate financial statements, ₦1.14 billion (2021: ₦958 million) represents the largest trade receivable balance due from a single customer at both the Group and Company level. There are no customers who represent more than 10% of the total balance of trade receivables of the Group and Company after impairment.

* Included in other receivables as at 31 December 2022 is ₦6.04 billion (2021: ₦2.75 billion) and ₦5.2 billion (2021: ₦2.0 billion) relating to withholding tax receivable for Group and Company respectively.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 720 days past due, except where there is adequate security, because historical experience has indicated that these receivables are generally not recoverable.

Movement in impairment loss allowance of ₦223 million (2021: ₦341 million relates to additional provision) for Group and ₦233 million (2021: ₦402 million) for the Company relates to reversal of provision made during the year for the Group and Company.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables are considered to be past due when they exceed the credit period granted.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segment.

Group						
31 December 2022	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Expected credit loss rate	2.32%	0.22%	0.17%	6.37%	60.43%	
Estimated total gross carrying amount at default	6,755	5,663	1,067	474	2,086	16,045
Lifetime ECL	157	13	2	30	1,260	1,462
31 December 2021	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Expected credit loss rate	2.10%	0.26%	2.15%	90.08%	80.23%	
Estimated total gross carrying amount at default	6,204	6,304		263	1,624	14,395
Lifetime ECL	130	14	-	238	1,303	1,685
Company						
31 December 2022	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Expected credit loss rate	0.00%	0.01%	0.03%	8.72%	59.74%	
Estimated total gross carrying amount at default	-	5,239	1,016	285	2,050	8,590
Lifetime ECL	-	1	-	25	1,225	1,251

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21. Trade and other receivables continued

31 December 2021	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Expected credit loss rate	0.00%	0.30%	0.00%	93.00%	87.04%	
Estimated total gross carrying amount at default	3,682	451	-	255	1,431	5,819
Lifetime ECL	-	1	-	237	1,246	1,484

22 Lease receivables

Leasing arrangements

Amounts receivable under finance leases:

	Group & Company			
	Minimum lease payments		Present value of minimum Lease payment	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Year 1	8,139	4,692	5,981	3,751
Year 2	6,456	3,857	4,881	3,404
Year 3	4,716	2,174	3,530	2,041
Year 4	4,424	435	3,588	400
Year 5	3,791	142	3,315	136
Year 6	1,874	-	1,771	-
	29,400	11,300	23,066	9,732
Less: unearned finance income	(6,334)	(1,568)	-	-
Present value of minimum lease payments receivable	23,066	9,732	23,066	9,732
Allowance for uncollectible lease payments	-	-	-	-
Net investment in the lease	23,066	9,732	23,066	9,732
Analysed as follows:				
Recoverable within 12 months	8,139	4,691	5,981	3,752
Recoverable after 12 months	21,261	6,609	17,085	5,980
	29,400	11,300	23,066	9,732

The Company entered into finance lease arrangements for some of its trucks. All leases are denominated in Naira. The average term of finance leases entered into is 5.42 years (2021: 4.17 years).

During the year, the Group recognised interest income on lease receivables of ₦2.6 billion (2021: ₦1.66 billion).

Unguaranteed residual values of assets leased under finance leases at the end of the reporting year are estimated at nil.

The average effective interest rate implicit in the contracts is 9.5% (2021: 9.06%) per annum.

The Directors of the Company estimate the loss allowance on finance lease receivables at the end of the reporting year at an amount equal to lifetime ECL. Taking into account the historical default experience and the future prospects of the industries in which the leasees operate, together with the value of collateral held over these finance lease receivables, the directors consider that no finance lease receivables is impaired as at year end (2021: Nil).

The table below shows the aged analysis of the finance lease receivables.

31 December 2022	Group & Company					
	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
	22,905	38	19	24	80	23,066
Estimated total gross carrying amount at default						
31 December 2021	Not past due ₦'million	<30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	>90 days ₦'million	Total ₦'million
Estimated total gross carrying amount at default	9,693	5	19	13	2	9,732

23. Share capital

		Group/Company	
		31/12/2022	31/12/2021
		₦million	₦million
<i>Issued and fully paid</i>			
23.1	Share capital 17,040,507,404 (2021: 17,040,507,404) ordinary shares of ₦0.5 each	8,520	8,520
23.2	Share premium	42,430	42,430

23.3 Authorised share capital as at reporting dates represents 20,000,000,000 units of ordinary shares of ₦0.5 each. Out of the total units of issued and fully paid share capital, 166,948,153 units are held by the Company.

Fully paid ordinary shares carry one vote per fully paid up share and a right to dividends when declared and approved.

23.4 Securities trading policy

The Board of Directors have established an Insider Trading Policy designed to prohibit dealing in Dangote Cement Plc. shares or securities on the basis of potentially price sensitive information that is not yet in the public domain. This is in line with the Rules of the NSE, the Investment and Securities Act (ISA) 2007 and the SEC Rules and Regulations. All Directors complied with the Insider Trading Policy during the year under review, and the free float of the Company is in compliance with the NSE's free float requirements, as its value is above the threshold of forty billion Naira as mandated by the NSE.

23.5 Treasury shares

On the 31 December 2020, the Company embarked on a share buy-back programme, buying back 40,200,000 units of its shares at a total cost of ₦9.8 billion which included the par value of the shares and additional premium paid on it. In January 2022, the Company executed tranche II of its Share Buy-Back Programme, buying back 126,748,153 units of its shares representing 0.74% of the Company's issued and fully paid ordinary shares at a total of ₦35.3 billion. As at 31 December 2022, the Company held 166,948,153 units (2021: 40,200,000) of its own shares amounting to ₦45.2 billion (2021: ₦9.8 billion).

23.6 Capital contribution

A subordinated loan was obtained by the Company from the immediate parent, Dangote Industries Limited in 2010. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of ₦2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been recognised as a capital contribution.

23.7 Currency translation reserve

Exchange difference relating to the translation of the results and net investments of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of foreign operations.

24 Dividend

On 14 June 2022, a dividend of ₦20.00 per share was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to 2021 financial year.

In respect of the current year, the Directors proposed a dividend of ₦20.00 per share (2021: ₦20.00). This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated and separate financial statements.

25 Trade and other payables

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Trade payables	68,236	105,518	26,306	71,979
Payable to contractors	37,744	44,227	7,368	14,665
Value added tax payable	9,032	11,494	5,813	6,583
Withholding tax payable	29,598	25,123	2,873	1,654
Staff pension (Note 29.1)	311	470	16	15
Contract liabilities - Advances from customers	110,251	94,847	83,896	79,779
Dividend payables	4,357	4,550	4,357	4,550
Suppliers' credit	-	12,773	-	12,773
Accruals	75,370	72,222	23,834	22,413
Total trade and other payables	334,899	371,224	154,463	214,411

The average credit period on purchases of goods is 38 days and 21 days (2021: 70 days and 76 days) for Group and Company respectively. Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid in line with the pre-agreed credit terms.

*Contract liabilities are made up of advances from customers for cement and clinker yet to be delivered out of which ₦92.2 billion (2021: ₦66.6 billion) and ₦77.1 billion (2021: ₦47.1 billion) for Group and Company respectively relating to brought forward balances was recognised in revenue.

26 Financial liabilities

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Unsecured borrowings at amortised cost				
Bulk Commodities loans (Note 26.1)	23,703	21,801	1,522	1,400
Bond (Note 26.2)	263,171	147,789	263,171	147,789
Commercial papers (Note 26.3)	-	38,974	-	38,974
Bank loans (Note 26.4)	261,431	134,533	243,218	117,837
	548,305	343,097	507,911	306,000
Secured borrowings at amortised cost				
Power intervention loan	-	250	-	250
Bank loans (Note 26.4)	158,429	221,593	73,552	151,270
	158,429	221,843	73,552	151,520
Total loans and borrowings	706,734	564,940	581,463	457,520
Financial liabilities (Non-current)	333,498	176,562	263,171	147,789
Current portion repayable in one year and shown as current liabilities	240,247	311,903	191,083	240,977
Overdraft balances (Note 32.1)	132,989	76,475	127,209	68,754
Current portion of loans and borrowings	373,236	388,378	318,292	309,731
Interest payable	19,142	13,015	9,039	5,359
Financial liabilities (Current)	392,378	401,393	327,331	315,090

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

26 Financial liabilities continued

- 26.1** The loans from Bulk Commodities International, a related party, are denominated in USD with interest rate ranging from 6% to 8.5% per annum.
- 26.2** During the year, the Company issued additional bonds with face value of ₦116 billion bringing the total publicly issued bonds to ₦266 billion as of 31 December 2022 (December 2021: ₦150 billion) with the coupon rate of 11.25% to 13.5%. The tenure is between 3 to 10 years.
- 26.3** Commercial papers issued under a programme had a face value of ₦41 billion as of December 2021. The tenure was between 90 days and 270 days with discount ranging from 8.5% to 10.0%.
- 26.4** Bank loans include Letters of credit (LCs) obtained to finance inventories, property, plant and equipment, etc. The average interest rate is Libor plus 8.5% (2021: 7.4%)

Group				31/12/2022	31/12/2021
Loans	Currency	Nominal interest rate	Maturity	₦'million	₦'million
Bank overdrafts			On demand	132,989	76,475
Other borrowings:					
Loan from Bulk Commodities Inc.	USD	6.0% - 8.5%	On demand	23,703	21,801
Power intervention loan	Naira	5.0%	01/2022	-	250
Commercial paper	Naira	8.5.0% - 10.0%	2022	-	38,974
Bond	Naira	11.25 -13.5%	2025 - 2032	263,171	147,789
Short term loans from banks	USD	Libor + 8.5%	2023	216,240	230,816
Loans from Standard Chartered	USD	Libor + 6%	04/2022	-	9,757
Long term loans from banks	USD	Libor + 4%	2027	17,100	14,210
Long term loans from banks	CFA	7.25%	2025	42,623	7,390
Loans from Nedbank/Standard Bank	Rands	JIBAR + 3.25%	10/2025	10,908	17,478
				573,745	488,465
Total borrowings				706,734	564,940

Company				31/12/2022	31/12/2021
Loans	Currency	Nominal interest rate	Maturity	₦'million	₦'million
Bank overdrafts			On demand	127,209	68,754
Loan from Bulk Commodities Inc.	USD	6.0%	On demand	1,522	1,400
Power intervention loan	Naira	5.0%	01/2022	-	250
Commercial paper	Naira	8.5.0% - 10.0%	2022	-	38,974
Bond	Naira	11.25 -13.5%	2025 - 2032	263,171	147,789
Short term loans from Banks	USD	Libor + 8.5%	2023	189,561	200,353
				454,254	388,766
Total borrowings				581,463	457,520

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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26 Financial liabilities continued

26.5 The maturity profiles of borrowings are as follows:

	Group		Company	
	31/12/2022 N'million	31/12/2021 N'million	31/12/2022 N'million	31/12/2021 N'million
Due within one month	138,789	85,561	128,732	69,004
Due from one to three months	182,141	25,244	167,060	15,200
Due from three to twelve months	52,306	277,573	22,500	225,527
Total current portion repayable in one year	373,236	388,378	318,292	309,731
Due in the second year	21,507	5,536	3,621	-
Due in the third year	118,226	23,389	98,958	3,643
Due in the fourth year	24,536	101,904	10,338	98,423
Due in the fifth year and further	169,229	45,733	150,254	45,723
Total long-term portion of borrowings	333,498	176,562	263,171	147,789
Total	706,734	564,940	581,463	457,520

The table below details changes in the liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and Company's consolidated and separate statements of cash flows as cash flows from financing activities.

	Group				
	31/12/2021 N'million	Financing Cashflows N'million	Exchange losses N'million	Others N'million	31/12/2022 N'million
Bulk Commodities loans	21,801	-	1,902	-	23,703
Power intervention loan	250	(250)	-	-	-
Commercial papers	38,974	(38,974)	-	-	-
Bond	147,789	114,591	-	791	263,171
Bank loans	279,651	(4,091)	11,311	-	286,871
	488,465	71,276	13,213	791	573,745

	Company				
	31/12/2021 N'million	Financing Cashflows N'million	Exchange losses N'million	Others N'million	31/12/2022 N'million
Bulk Commodities loans	1,400	-	122	-	1,522
Power intervention loan	250	(250)	-	-	-
Commercial papers	38,974	(38,974)	-	-	-
Bond	147,789	114,591	-	791	263,171
Bank loans	200,353	(24,422)	13,630	-	189,561
	388,766	50,945	13,752	791	454,254

	Group				
	01/01/2021 N'million	Financing Cashflows N'million	Exchange (gains)/losses N'million	Others N'million	31/12/2021 N'million
Bulk Commodities loans	23,515	-	(1,714)	-	21,801
Loans from Dangote Oil & Gas	32,905	(32,873)	(32)	-	-
Power intervention loan	2,238	(2,376)	-	388	250
Commercial papers	110,970	(71,996)	-	-	38,974
Bond	98,423	49,256	-	110	147,789
Bank loans	210,263	62,273	6,472	643	279,651
	478,314	4,284	4,726	1,141	488,465

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

26 Financial liabilities continued

	Company			
	01/01/2021	Financing	Exchange	Others
	₦'million	Cashflows	(gains)/losses	₦'million
		₦'million	₦'million	₦'million
				31/12/2021
				₦'million
Bulk Commodities loans	1,322	-	78	-
Loans from Dangote Oil & Gas	32,905	(32,873)	(32)	-
Power intervention loan	2,238	(2,376)	-	388
Commercial papers	110,970	(71,996)	-	-
Bond	98,423	49,256	-	110
Bank loans	103,771	92,385	3,554	643
	349,629	34,396	3,600	1,141
				388,766

Financing cashflows represent loan obtained and loan repaid during the year. Loan obtained amounts to ₦338.45 billion (2021: ₦329.12 billion) and ₦290.11 billion (2021: ₦312.44 billion) for Group and Company. Loan repaid amounts to ₦267.18 billion (2021: ₦324.83 billion) and ₦239.16 billion (2021: ₦278.04 billion) for Group and Company.

27 Deferred Revenue and other current liabilities

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
27.1 Deferred Revenue				
Deferred revenue arising from government grant (refer to (a) below)	354	670	-	299
	354	670	-	299
Current (Note 27.2)	34	34	-	1
Non-current	320	636	-	298
	354	670	-	299

a) The deferred revenue mainly arises as a result of the benefits received from government. The income recognised in current year was recorded in other income line.

Movement in Deferred revenue

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
At 1 January	670	444	299	37
Additions during the year	-	298	-	298
	670	742	299	335
Released to profit and loss account (Other income)	(332)	(71)	(299)	(36)
Effect of foreign exchange differences	16	(1)	-	-
Closing balance	354	670	-	299
27.2 Other current liabilities				
Current portion of deferred revenue (Note 27.1)	34	34	-	1
Due to related parties - current (Note 31)				
Parent company	100	-	-	-
Entities controlled by the parent company	78,845	101,806	69,792	95,407
Affiliates and associates of parent company	45,745	46,454	24,818	26,080
Subsidiaries	-	-	42,496	40,091
Total current payables to related parties	124,690	148,260	137,106	161,578
Other current liabilities	124,724	148,294	137,106	161,579

28 Provisions

	Group					
	31/12/2022			31/12/2021		
	Site Restoration ₦'million	Others* ₦'million	Total ₦'million	Site Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at beginning of the year	6,605	1,823	8,428	6,913	1,136	8,049
Effect of foreign exchange differences	124	(624)	(500)	(914)	412	(502)
Provisions made during the year	700	1,164	1,864	(9)	275	266
Unwinding of discount	783	-	783	615	-	615
Balance at the end of the year	8,212	2,363	10,575	6,605	1,823	8,428

	Company					
	31/12/2022			31/12/2021		
	Site Restoration ₦'million	Others ₦'million	Total ₦'million	Site Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at beginning of the year	5,573	-	5,573	5,049	-	5,049
Provisions made during the year	509	-	509	(52)	-	(52)
Unwinding of discount	752	-	752	576	-	576
Balance at the end of the year	6,834	-	6,834	5,573	-	5,573

The Group and Company's obligations are to settle environmental restoration and dismantling/decommissioning cost of property, plant and equipment when the Group and Company have a legal or constructive obligation to do so. The expenditure is expected to be utilised at the end of the useful lives of the mines.

The provision for site restoration represents an estimate of the costs involved in restoring production sites at the end of the expected life of the quarries. The provision is an estimate based on management's re-assessment. It is expected that the restoration cost will happen over a period of time for the Group and Company. The long term inflation and discount rates used in the estimate for Nigerian entities were 13.9% and 14% (2021: 12.0% and 13.5%).

* Others include non-current withholding tax payable on interest.

29 Employee benefits

Employee benefits include defined contribution plans and long service awards. These are analysed as follows:

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
29.1 Defined contribution plans (Note 25)				
Balance at beginning of the year	470	722	15	15
Provision for the year	2,444	3,546	1,363	1,372
Payments during the year	(2,594)	(3,821)	(1,362)	(1,372)
Effect of foreign exchange differences	(9)	23	-	-
Balance at the end of the year	311	470	16	15

The Group operates a group life policy and a contributory pension scheme for its employees in Nigeria in line with the provisions of the Pension Reform Act 2014 in Nigeria and in other locations, and in line with the constitutions there. The scheme is funded through employees' and employers' contributions as prescribed by the Act. The contribution from the employer is 10% while that of the employee is 8% of the basic, housing and transport allowances in Nigeria.

29 Employee benefits continued**29.2 Employee benefit obligations**

The Group operates an unfunded long service award for qualifying employees of the Group. Under the plan, the employees are entitled to benefits such as gift items, Ex-Gratia (expressed as a multiple of Monthly Basic Salary), a plaque and certificate on attainment of a specific number of years in service. The most recent actuarial valuations of the present value of the long service award were carried out as at 31 December 2022 by Ernst & Young Nigeria and signed on its behalf by Wise Chigudu (FRC registration number: FRC/2022/PRO/NAS/00000024119). The present value of the long service award, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The plan typically exposes the Group to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk.

Interest rate risk

A decrease in the bond interest rate will increase the plan liability;

Longevity risk

The present value of the long service award liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the long service award liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Company	
	31/12/2022	31/12/2021
	%	%
Discount rate(s)	14.00	13.50
Expected rate(s) of salary increase	13.00	12.00
Inflation rate	13.00	12.00

Movements in the present value of the long service awards are as follows:

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
At 1 January	3,219	3,581	2,972	3,552
Current service cost	1,551	877	1,508	614
Interest cost	416	301	401	277
<i>Remeasurement loss/gain</i>				
Actuarial loss/(gain)	3,680	(1,458)	3,692	(1,378)
Benefits paid	(335)	(100)	(329)	(93)
Effect of foreign exchange differences	16	18	-	-
At 31 December	8,547	3,219	8,244	2,972

The actual return on plan assets in 2022 was nil (2021: nil)

Amounts recognised in profit or loss in respect of these long service awards are as follows.

	Group		Company	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
	₦'million	₦'million	₦'million	₦'million
Current service cost	1,551	877	1,508	614
Net Interest expense	416	301	401	277
Actuarial loss/(gain)	3,680	(1,458)	3,692	(1,378)
	5,647	(280)	5,601	(487)

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29 Employee benefits continued

The amount included in the consolidated and separate statements of financial position arising from the entity's obligation in respect of its long service awards is as follows.

	Group		Company	
	12/31/2022 ₦'million	12/31/2021 ₦'million	12/31/2022 ₦'million	12/31/2021 ₦'million
Present value of long service awards	8,547	3,219	8,244	2,972
Net liability arising from long service award	8,547	3,219	8,244	2,972

• If the discount rate is 100 basis points higher (lower), the long service award at 31 December 2022 would decrease by ₦627.72 million (increase by ₦715.98 million) (2021: decrease by ₦258.79 million (increase by ₦299.36 million)).

• If the expected salary growth increases (decreases) by 1%, the long service award as at 31 December 2022 would increase by ₦189.70 million (decrease by ₦169.57 million) (2021: increase by ₦194.90million (decrease by ₦171.01 million)).

• If the assumed mortality age is rated up (down) by one year, the long service award as at 31 December 2022 would decrease by ₦42.11 million (increase by ₦38.17 million) (2021: decrease by ₦17.67 million (increase by ₦16.07 million)).

The sensitivity analysis presented above may not be representative of the actual change in the long service award as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the long service award has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the long service awards liability recognised in the statement of financial position.

30. Financial Instruments

30.1 Capital Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 26 offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed below).

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Net debt	422,891	225,097	385,326	184,957
Equity	1,078,947	983,669	1,491,535	1,461,472

The Finance and Investment Committee reviews the capital structure of the Group on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group endeavours to maintain an optimum mix of net debt to equity ratio which provides benefits of trading on equity without exposing the Group to any undue long term liquidity risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain the capital or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new and/or bonus shares, or raise debts in favourable market conditions.

The net debt to equity ratio as on 31 December 2022 is 39% (2021: 23%).

30.1.1 Debt to equity ratio

The debt to equity ratio at end of the reporting year was as follows.

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Financial liabilities (Note 26)	706,734	564,940	581,463	457,520
Cash and cash equivalents (Note 32.1)	283,843	339,843	196,137	272,563
Net debt	422,891	225,097	385,326	184,957
Equity	1,078,947	983,669	1,491,535	1,461,472
Net debt/ Equity ratio	0.39	0.23	0.26	0.13

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30. Financial Instruments continued

30.2 Categories of financial instruments

	Group					
31/12/2022	Amortised Cost N'million	FVTPL N'million	FVTOCI N'million	Total Financial N'million	Non Financial N'million	Total N'million
Assets						
Property, plant and equipment	-	-	-	-	1,527,293	1,527,293
Intangible assets	-	-	-	-	6,225	6,225
Right-of-use assets	-	-	-	-	23,551	23,551
Investment in associate	-	-	-	-	2,580	2,580
Lease receivables	23,066	-	-	23,066	-	23,066
Deferred tax asset	-	-	-	-	14,193	14,193
Prepayments for property, plant & equipment	-	-	-	-	1,267	1,267
Inventories	-	-	-	-	239,563	239,563
Trade and other receivables	41,403	-	-	41,403	4,087	45,490
Prepayments and other current assets	308,862	-	-	308,862	138,287	447,149
Current tax assets	-	-	-	-	1,435	1,435
Cash and cash equivalents	283,843	-	-	283,843	-	283,843
Total assets	657,174	-	-	657,174	1,958,481	2,615,655
Liabilities						
Trade and other payables	186,018	-	-	186,018	148,881	334,899
Current tax liabilities	-	-	-	-	167,971	167,971
Financial liabilities	725,876	-	-	725,876	-	725,876
Other current liabilities	124,690	-	-	124,690	34	124,724
Lease liabilities	9,770	-	-	9,770	-	9,770
Deferred tax liabilities	-	-	-	-	154,026	154,026
Provisions	-	-	-	-	10,575	10,575
Employees benefits obligations	-	-	-	-	8,547	8,547
Deferred revenue	-	-	-	-	320	320
Total liabilities	1,046,354	-	-	1,046,354	490,354	1,536,708
	Group					
31/12/2021	Amortised Cost N'million	FVTPL N'million	FVTOCI N'million	Total Financial N'million	Non Financial N'million	Total N'million
Assets						
Property, plant and equipment	-	-	-	-	1,472,859	1,472,859
Intangible assets	-	-	-	-	5,122	5,122
Right-of-use assets	-	-	-	-	18,566	18,566
Investment in associate	-	-	-	-	6,528	6,528
Lease receivables	9,732	-	-	9,732	-	9,732
Deferred tax asset	-	-	-	-	5,163	5,163
Prepayments for property, plant & equipment	-	-	-	-	4,759	4,759
Inventories	-	-	-	-	167,205	167,205
Trade and other receivables	40,749	-	-	40,749	6,720	47,469
Prepayments and other current assets	189,713	-	-	189,713	122,009	311,722
Current tax assets	-	-	-	-	3,051	3,051
Cash and cash equivalents	339,843	-	-	339,843	-	339,843
Total assets	580,037	-	-	580,037	1,811,982	2,392,019
Liabilities						
Trade and other payables	239,760	-	-	239,760	131,464	371,224
Current tax liabilities	-	-	-	-	153,385	153,385
Financial liabilities	577,955	-	-	577,955	-	577,955
Other current liabilities	148,260	-	-	148,260	34	148,294
Lease liabilities	10,206	-	-	10,206	-	10,206
Deferred tax liabilities	-	-	-	-	135,003	135,003
Provisions	-	-	-	-	8,428	8,428
Employee benefit obligations	-	-	-	-	3,219	3,219
Deferred revenue	-	-	-	-	636	636
Total liabilities	976,181	-	-	976,181	432,169	1,408,350

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30. Financial Instruments continued

	Company					
31/12/2022	Amortised Cost N'million	FVTPL N'million	FVTOCI N'million	Total Financial N'million	Non Financial N'million	Total N'million
Assets						
Property, plant and equipment	-	-	-	-	498,893	498,893
Intangible assets	-	-	-	-	114	114
Right-of-use assets	-	-	-	-	1,628	1,628
Investments in subsidiaries	-	-	-	-	249,262	249,262
Investment in associate	-	-	-	-	1,582	1,582
Lease receivables	23,066	-	-	23,066	-	23,066
Prepayments for property, plant & equipment	-	-	-	-	211	211
Receivables from subsidiaries	959,639	-	-	959,639	-	959,639
Inventories	-	-	-	-	132,704	132,704
Trade and other receivables	16,842	-	-	16,842	-	16,842
Prepayments and other current assets	473,003	-	-	473,003	104,471	577,474
Current tax assets	-	-	-	-	911	911
Cash and cash equivalents	196,137	-	-	196,137	-	196,137
Total assets	1,668,687	-	-	1,668,687	989,776	2,658,463
Liabilities						
Trade and other payables	61,881	-	-	61,881	92,582	154,463
Current tax liabilities	-	-	-	-	156,940	156,940
Financial liabilities	590,502	-	-	590,502	-	590,502
Other current liabilities	137,106	-	-	137,106	-	137,106
Lease liabilities	148	-	-	148	-	148
Deferred tax liabilities	-	-	-	-	112,691	112,691
Provisions	-	-	-	-	6,834	6,834
Employees benefits obligations	-	-	-	-	8,244	8,244
Total liabilities	789,637	-	-	789,637	377,291	1,166,928

	Company					
31/12/2021	Amortised Cost N'million	FVTPL N'million	FVTOCI N'million	Total Financial N'million	Non Financial N'million	Total N'million
Assets						
Property, plant and equipment	-	-	-	-	554,883	554,883
Intangible assets	-	-	-	-	147	147
Right-of-use assets	-	-	-	-	1,365	1,365
Investments in subsidiaries	-	-	-	-	162,268	162,268
Investment in associate	-	-	-	-	1,582	1,582
Lease receivables	9,732	-	-	9,732	-	9,732
Prepayments for property, plant & equipment	-	-	-	-	211	211
Receivables from subsidiaries	968,000	-	-	968,000	-	968,000
Inventories	-	-	-	-	88,421	88,421
Trade and other receivables	15,798	-	-	15,798	-	15,798
Prepayments and other current assets	404,041	-	-	404,041	100,745	504,786
Current tax assets	-	-	-	-	2,542	2,542
Cash and cash equivalents	272,563	-	-	272,563	-	272,563
Total assets	1,670,134	-	-	1,670,134	912,164	2,582,298
Liabilities						
Trade and other payables	126,395	-	-	126,395	88,016	214,411
Current tax liabilities	-	-	-	-	146,517	146,517
Financial liabilities	462,879	-	-	462,879	-	462,879
Other current liabilities	161,578	-	-	161,578	1	161,579
Lease liabilities	371	-	-	371	-	371
Deferred tax liabilities	-	-	-	-	126,226	126,226
Provisions	-	-	-	-	5,573	5,573
Employee benefit obligations	-	-	-	-	2,972	2,972
Deferred revenue	-	-	-	-	298	298
Total liabilities	751,223	-	-	751,223	369,603	1,120,826

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30. Financial Instruments continued

30.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group and analyses exposures by degree and magnitude of risks. These risks include market risk, credit risk, and liquidity risk.

30.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (Note 30.5.1) and interest rates (Note 30.7.2).

30.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Income is primarily earned in local currency for most of the locations with a significant portion of capital expenditure being in foreign currency. The Group manages foreign currency by monitoring our financial position in each country we operate with the aim of having assets and liabilities denominated in the functional currency as much as possible. The effective closing rate as at 31 December 2022 are ₦461.1/US Dollar, ₦553.84/GB Pounds & ₦491.4/Euro (2021: ₦424.11/US Dollar, ₦470.19/GB Pounds & ₦559.96/Euro). The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

	Group			
	Liabilities		Assets	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
US Dollars	434,877	473,843	16,269	2,759
GB Pounds	5,201	5,382	-	9
Euro	21,667	24,235	1,446	6,815
Total	461,745	503,460	17,715	9,583

	Company			
	Liabilities		Assets	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
US Dollars	283,341	385,286	947,546	922,731
GB Pounds	5,110	5,366	-	9
Euro	16,604	19,800	1,207	8,647
Total	305,055	410,452	948,753	931,387

30.5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollars.

The following table details the Group and Company's sensitivity to a 15% (2021:15%) increase and decrease in the Naira against the US Dollar, GB Pounds & Euro. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity for a 15% change in the exchange rates. A negative number below indicates a decrease in profit or equity for a 15% change in the exchange rates.

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Effect on Profit or loss/Equity for a 15% (2021:15%) appreciation in Naira:				
US Dollar	43,954	49,464	(69,742)	(56,432)
GB Pounds	546	564	537	562
Euro	2,123	1,829	1,617	1,171
Total	46,623	51,857	(67,588)	(54,699)
Effect on Profit or loss/Equity for a 15% (2021:15%) depreciation in Naira:				
US Dollar	(43,954)	(49,464)	69,742	56,432
GB Pounds	(546)	(564)	(537)	(562)
Euro	(2,123)	(1,829)	(1,617)	(1,171)
Total	(46,623)	(51,857)	67,588	54,699

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30. Financial Instruments continued

30.6 Credit risk management

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group's and Company's business is predominantly on a cash basis. Revolving credits granted to major distributors and very large corporate customers approximate about ₦37.69 billion (2021: ₦37.07 billion) and these are payable within 30 days. Stringent credit control is exercised over the granting of credit, this is done through the review and approval by executive management based on the recommendation of the credit control group.

Credits to major distributors are covered by bank guarantee with an average credit period of no more than 15 days.

For very large corporate customers, clean credits are granted based on previous business relationships and positive credit worthiness which is performed on an on-going basis. These credits are usually payable at no more than 30 days.

The Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as related entities with similar characteristics.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

30.6.1 Exposure to Credit risk

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades

Group							
31/12/2022	Note	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount ₦'million	Allowance ₦'million	Net carrying amount ₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	23,066	-	23,066
Trade and other receivables	21	N/A	ii	Lifetime ECL	42,865	(1,462)	41,403
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	308,862	-	308,862
Cash and cash equivalents	32.1	i	i	i	283,843	-	283,843
Total					658,636	(1,462)	657,174

31/12/2021	Note	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount ₦'million	Allowance ₦'million	Net carrying amount ₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	9,732	-	9,732
Trade and other receivables	21	N/A	ii	Lifetime ECL	42,434	(1,685)	40,749
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	189,713	-	189,713
Cash and cash equivalents	32.1	i	i	i	339,843	-	339,843
Total					581,722	(1,685)	580,037

30. Financial Instruments continued

Company							
31/12/2022	Note	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount ₦'million	Allowance ₦'million	Net carrying amount ₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	23,066	-	23,066
Receivables from subsidiaries	31	N/A	ii	Lifetime ECL	959,639	-	959,639
Trade and other receivables	21	N/A	ii	Lifetime ECL	18,093	(1,251)	16,842
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	473,003	-	473,003
Cash and cash equivalents	32.1	i	i	i	196,137	-	196,137
Total					1,669,938	(1,251)	1,668,687

31/12/2021	Note	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount ₦'million	Allowance ₦'million	Net carrying amount ₦'million
Lease receivables	22	N/A	ii	Lifetime ECL	9,732	-	9,732
Receivables from subsidiaries	31	N/A	ii	Lifetime ECL	968,000	-	968,000
Trade and other receivables	21	N/A	ii	Lifetime ECL	17,282	(1,484)	15,798
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	404,041	-	404,041
Cash and cash equivalents	32.1	i	i	i	203,809	-	203,809
Total					1,602,864	(1,484)	1,601,380

i. All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions with good credit rating by rating agencies. Therefore no amount of impairment loss is recognised as at year end (2021: Nil).

ii. For finance leases and trade receivables, the simplified approach to measure the loss allowance at lifetime ECL has been applied.

30.7 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and preference shares. The Group has access to sufficient sources of funds directly from external sources as well as from the Group's parent.

30.7.1 Liquidity maturity table

The following tables detail the Group and Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables below include both interest and principal

As at 31 December 2022	Gross carrying amount ₦'million	Group			
		Contractual cash flows			
		<1 month ₦'million	1-3 months ₦'million	3 months - 1yr ₦'million	>1 year ₦'million
Trade and other payables	186,018	186,018	-	-	-
Financial liabilities	725,876	161,066	188,378	78,745	550,108
Lease liabilities	9,770	141	281	1,638	55,186
Other current liabilities	124,690	124,690	-	-	-
Total	1,046,354	471,915	188,659	80,383	605,294

30. Financial Instruments continued

	Gross carrying amount N'million	Group Contractual cash flows			
		<1 month N'million	1– 3 months N'million	3 months – 1yr N'million	>1 year N'million
As at 31 December 2021					
Trade and other payables	239,760	226,987	-	12,773	-
Financial liabilities	577,955	99,011	26,075	299,177	244,181
Lease liabilities	10,206	182	364	1,638	52,383
Other current liabilities	148,260	148,260	-	-	-
Total	976,181	474,440	26,439	313,588	296,564

	Gross carrying amount N'million	Company Contractual cash flows			
		<1 month N'million	1– 3 months N'million	3 months – 1yr N'million	>1 year N'million
As at 31 December 2022					
Trade and other payables	61,881	61,881	-	-	-
Financial liabilities	590,502	140,635	172,787	47,042	479,781
Other current liabilities	137,106	137,106	-	-	-
Lease liabilities	148	-	-	-	148
Total	789,637	339,622	172,787	47,042	479,929

	Gross carrying amount N'million	Contractual cash flows			
		<1 month N'million	1– 3 months N'million	3 months – 1yr N'million	>1 year N'million
As at 31 December 2021					
Trade and other payables	126,395	113,622	-	12,773	-
Financial liabilities	462,879	74,363	15,200	245,021	212,556
Other current liabilities	161,578	161,578	-	-	-
Lease liabilities	371	-	-	261	110
Total	751,223	349,563	15,200	258,055	212,666

The Company guaranteed the loans in the subsidiaries amounting to ₦125.27 billion (2021: ₦87.0 billion)

30.7.2 Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Group maintains a centralised treasury department and Group borrowing is done in order to obtain lower interest rates. The Group negotiates long term credit facilities to reduce the risk associated with high cost of borrowing. The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 100 basis points (BP) increase or decrease are used when reporting LIBOR risk internally to key management personnel and these represent management's assessment of the reasonably possible change in interest rates. Please refer to note 26 for interest rates of financial instruments.

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. The following table details the sensitivity to a 1% (2021: 1%) increase or decrease in interest rates.

	Group		Company	
	31/12/2022 N'million	31/12/2021 N'million	31/12/2022 N'million	31/12/2021 N'million
Effect on Profit or loss/Equity for a 1% (2021:1%) increase in rate	(1,365)	(1,693)	1,645	1,758
Effect on Profit or loss/Equity for a 1% (2021:1%) decrease in rate	1,365	1,693	(1,645)	(1,758)

30. Financial Instruments continued**30.7.3 Fair valuation of financial assets and liabilities**

Except for bond as shown in table below, the carrying amount of trade and other receivables, cash and cash equivalents, lease receivables, lease liabilities and amounts due from and to related parties as well as trade payables, other payables approximate their fair values because of the short-term nature of these instruments and, for trade and other receivables, because of the fact that any loss from recoverability is reflected in an impairment loss. The fair values of financial debt approximate the carrying amount as the loans are pegged to market rates and reset when rates change.

	Group				Company			
	31/12/2022	31/12/2022	31/12/2021	31/12/2021	31/12/2022	31/12/2022	31/12/2021	31/12/2021
	Fair value	Carrying	Fair value	Carrying	Fair value	Carrying	Fair value	Carrying
	₦'million	amount	₦'million	amount	₦'million	amount	₦'million	amount
Bond	248,689	263,171	147,590	147,789	248,689	263,171	147,590	147,789

Fair value hierarchy**Financial instruments in Level 1**

The fair value of financial instruments traded in active markets (quoted equity) is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for quoted equity investment held by the Company is the bid price at the reporting date. These instruments are included in level 1. There were no transfers between levels during the year.

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (loans and borrowings) is determined by using discounted cash flow valuation techniques. This valuation technique maximise the use of observable market data by using the market related interest rate for discounting the contractual cash flows. There are no significant unobservable inputs. There were no transfers between levels during the year. The basis of measurement has remained the same between current and prior years.

The fair value of future and forward exchange contracts is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Financial instruments in Level 3

The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of non-marketability of the equity securities. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

31 Related party disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Group and Company, and other related parties are disclosed below.

The Group and the Company, in the normal course of business, sells to and buys from other business enterprises that fall within the definition of a 'related party' contained in International Accounting Standard 24. These transactions mainly comprise purchases, sales, finance costs, finance income and management fees paid to shareholders. The companies in the Group also provide funds to and receive funds from each other as and when required for working capital financing and capital projects.

31.1 Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sale of goods		Purchases of goods and services	
	31/12/2022 N'million	31/12/2021 N'million	31/12/2022 N'million	31/12/2021 N'million
Parent company	196	22	-	-
Entities controlled by the parent company	4,927	8,708	249,949	149,869
Affiliates and associates of the parent company	-	-	90,465	77,890

During the year, the Company entered into the following trading transactions with related parties:

	Sale of goods		Purchases of goods and services	
	31/12/2022 N'million	31/12/2021 N'million	31/12/2022 N'million	31/12/2021 N'million
Parent company	196	22	-	-
Entities controlled by the parent company	4,927	8,708	248,329	147,466
Affiliates and associates of the parent company	-	-	34,269	13,264
Subsidiaries	1,908	7,091	147,521	74,714

In addition to sales and purchases of goods, the Company charged interest amounting to ₦38.6 billion (2021: ₦30.2 billion) on loans granted to subsidiaries. This interest is eliminated on consolidation.

Also during the year, the Group charged the Parent company a total interest of ₦28.14 billion (2021: ₦14.59 billion). In the same vein, the Parent company charged the Group a total interest of Nil (2021: Nil).

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of ₦5.24 billion (2021: ₦5.41 billion) was charged, being an allocation of costs incurred by relevant administrative departments. Also, the Parent company (DIL) provided a guarantee for related parties receivables.

During the year, the Company provided materials and services of ₦37.18 billion (2021: ₦16.80 billion), used in the manufacturing process of subsidiaries.

31.2 Related party balances

The following balances were outstanding at the end of the reporting year:

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/2022 N'million	31/12/2021 N'million	31/12/2022 N'million	31/12/2021 N'million
Non Current				
Subsidiaries	959,639	968,000	-	-

The above balances represents expenditures on projects in African countries. These are not likely to be repaid within the next twelve months and have been classified under non-current assets.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

31 Related party continued

In 2022, amount totalling ₦938.8 million (2021: Nil) has been recognised as impairment loss in respect of receivables from nonoperational subsidiaries by the Company.

The Group management has continued to show its intention to provide financial support to its subsidiaries and to assist, when necessary, any subsidiary to obtain financial support in the future and does not envisage any material risk as a result of this. Interest charged to the subsidiaries on the advances extended to them during the year was between 5% to 11%.

During the year, the Company provided financial support to its subsidiaries of ₦53.8 billion (2021: ₦164.4 billion) for capital development and/or for operational purposes. Assistance rendered was always in the form of funds transferred to them for the normal running of their operations or on their behalf to vendors/contractors for settlement of commitments.

Other balances outstanding at the end of the reporting year were:

	Group			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Current				
Parent company	29,522	27,929	100	-
Loans to parent company	143,812	50,000	-	-
Entities controlled by the parent company	134,612	111,724	78,845	101,806
Affiliates and associates of parent company	916	60	45,745	46,454
	308,862	189,713	124,690	148,260

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Current				
Parent company	29,522	27,929	-	-
Loans to parent company	143,812	50,000	-	-
Entities controlled by the parent company	128,965	106,224	69,792	95,407
Affiliates and associates of the parent company	-	-	24,818	26,080
Subsidiaries	170,704	219,888	42,496	40,091
	473,003	404,041	137,106	161,578

31.3 Loans from related parties

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Affiliates and associates of the parent company	23,703	21,801	1,522	1,400
Entities controlled by the parent company	-	-	-	-
	23,703	21,801	1,522	1,400

31.4 Compensation of key management personnel

The remuneration of directors who are the members of key management personnel during the year was as follows:

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Short-term benefits	1,843	1,409	1,813	1,391
	1,843	1,409	1,813	1,391

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

32. Supplemental cash flow disclosures

32.1 Cash and cash equivalents

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
Cash and bank balances	139,108	251,887	51,853	184,889
Short term deposits	144,735	87,956	144,284	87,674
Cash and cash equivalents per statement of financial position	283,843	339,843	196,137	272,563
Bank overdrafts used for cash management purposes (Note 26)	(132,989)	(76,475)	(127,209)	(68,754)
Cash and cash equivalents per statement of cash flows	150,854	263,368	68,928	203,809

Cash and cash equivalents include restricted cash of ₦5.38 billion for Group and ₦4.93 billion for Company (2021: ₦8.34 billion for Group and ₦4.17 billion for Company) on unclaimed dividend held in a separate bank account, letters of credit for the acquisition of inventories, property, plant and equipment as well as debt service reserve account.

32.2 Additional information on the consolidated and separate statements of cash flows

The details below show the reconciliation of the movement in the statement of financial position (SFP) balances and the cash flows disclosed in the statements of cash flows (SCF).

	Group		Company	
	31/12/2022 ₦'million	31/12/2021 ₦'million	31/12/2022 ₦'million	31/12/2021 ₦'million
32.2.1 Reconciliation of inventories				
Movement in balances per SFP	(72,358)	(58,935)	(44,283)	(33,876)
Transfers from property, plant and equipment	2013	(1,591)	-	759
Cash flows as per SCF	(70,345)	(60,526)	(44,283)	(33,117)
32.2.2 Reconciliation of trade and other receivables				
Movement in balances per SFP	1,979	(12,275)	(1,044)	(969)
Withholding tax utilised	(1,522)	(21)	-	-
Transfers from property, plant and equipment	-	1,123	-	1,122
Cash flows as per SCF	457	(11,173)	(1,044)	153
32.2.3 Reconciliation of trade and other payables				
Movement in balances per SFP	(36,325)	21,836	(59,948)	74,166
Reclassification of suppliers' credit	12,773	(9,914)	12,773	(9,914)
Transfers from property, plant and equipment	1,123	5,091	976	5,097
Reclassification of share buy-back	-	9,833	-	9,833
Cash flows as per SCF	(22,429)	26,846	(46,199)	79,182
32.2.4 Reconciliation of prepayments and other current assets				
Movement in balances per SFP	(135,427)	(63,161)	(72,688)	(99,720)
Reclassification of receivables from subsidiaries	-	-	(49,184)	33,041
Reclassification of loan to parent company	93,812	(20,000)	93,812	(20,000)
Reclassification of repayment of interest on loan to parent company	(29,124)	-	(29,124)	-
Reclassification of interest charge on loan to parent company	28,143	7,853	28,143	7,853
Reclassification of trading transactions with subsidiaries	-	-	110,734	-
Transfers from property, plant and equipment	463	3,595	463	3,595
Reclassification of road infrastructure tax credit	(183)	(7,691)	(183)	(7,691)
Cash flows as per SCF	(42,316)	(79,404)	81,973	(82,922)
32.2.5 Reconciliation of other current liabilities				
Movement in balances per SFP	(23,570)	64,834	(24,473)	79,870
Deferred revenue reclassification	-	36	1	36
Reclassification of payables to subsidiaries	-	-	(2,405)	(24,204)
Reclassification of assets acquired through suppliers' credit	-	(1,466)	-	(1,465)
Reclassification of trading transactions with subsidiaries	-	-	-	57,911
Cash flows as per SCF	(23,570)	63,404	(26,877)	112,148

33. Lease liabilities

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Maturity analysis				
Year 1	1,687	2,184	-	261
Year 2	1,729	1,561	-	-
Year 3	1,355	1,384	82	110
Year 4	1,258	1,147	117	-
Year 5	1,130	1,162	-	-
Later than 5 years	49,714	47,129	-	-
	56,873	54,567	199	371
Less unearned interest	(47,103)	(44,361)	(51)	-
	9,770	10,206	148	371
Analysed as				
Current	1,713	2,187	-	261
Non- Current	8,057	8,019	148	110
	9,770	10,206	148	371

33.1 Extension options

Some leases include extension options that are exercisable by the Group/Company up to one (1) year before the end of the non-cancellable contract period. The extension options held are not exercisable by the lessor but only by the Group/Company. The Group/Company assesses at the commencement date of lease whether or not it is reasonably certain to exercise these options. If there is a significant event or changes in circumstances within its control, the Group/Company reassesses whether it is reasonably certain to exercise the options.

34. Commitments for expenditure

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	₦'million	₦'million	₦'million	₦'million
Commitments for the acquisition of property, plant and equipment	19,330	206,980	2,676	2,111

35. Contingent liabilities

The Group and Company are engaged in law suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and other claims amounted to ₦133.5 billion and ₦82.9 billion for the Group and Company respectively (2021: ₦57.8 billion and ₦50.1 billion for Group and Company respectively). The Group and Company have assessed these claims and believe that no material loss is expected to arise from them.

36. Subsequent Events

On 24 February 2023, a dividend of ₦20.00 (2021: ₦20.00) per share was proposed by the directors for approval at the Annual General Meeting (AGM). There were no events after the reporting date that could have had a material effect on the consolidated and separate financial statements that have not been provided for or disclosed in these financial statements.

OTHER NATIONAL DISCLOSURES

DANGOTE CEMENT PLC

FIVE -YEAR FINANCIAL SUMMARY OTHER NATIONAL DISCLOSURE

GROUP	2022	2021	2020	2019	2018
	₦'million	₦'million	₦'million	₦'million	₦'million
BALANCE SHEET					
ASSETS/LIABILITIES					
Property, plant and equipment	1,527,293	1,472,859	1,390,687	1,206,749	1,171,864
Intangible assets	6,225	5,122	4,554	3,663	5,969
Right-of-use assets	23,551	18,566	12,594	11,956	-
Investments	2,580	6,528	5,711	4,961	4,312
Non current prepayments	1,267	4,759	37,213	51,233	36,383
Lease receivables	17,085	5,980	9,846	11,285	6,475
Net current liabilities	1,776	(203,441)	(279,679)	(224,058)	(66,668)
Deferred taxation liabilities	(139,833)	(129,840)	(111,272)	(49,073)	(42,728)
Long term debts	(333,498)	(176,562)	(158,908)	(107,279)	(125,725)
Employee benefits obligations	(8,547)	(3,219)	(3,581)	-	-
Other non-current liabilities	(18,952)	(17,083)	(16,195)	(11,500)	(3,269)
NET ASSETS	1,078,947	983,669	890,970	897,937	986,613
CAPITAL AND RESERVES					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital Contribution	2,877	2,877	2,877	2,877	2,877
Treasury shares	(45,156)	(9,833)	(9,833)	-	-
Currency Translation Reserve	76,220	53,102	52,681	55,974	72,605
Revenue reserve	969,478	868,274	779,271	776,839	848,695
Non controlling interest	24,578	18,299	15,024	11,297	11,486
	1,078,947	983,669	890,970	897,937	986,613
Turnover, Profit or Loss account					
Turnover	1,618,323	1,383,637	1,034,196	891,671	901,213
Profit before taxation	524,002	538,366	373,310	250,479	300,806
Taxation	(141,691)	(173,927)	(97,242)	(49,958)	89,519
Profit after taxation	382,311	364,439	276,068	200,521	390,325
Per share data (Naira):					
Earnings - (Basic & diluted)	22.27	21.24	16.14	11.79	22.83
Net assets	63.92	57.86	52.29	52.69	57.90

Earnings per share are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

DANGOTE CEMENT PLC

FIVE -YEAR FINANCIAL SUMMARY OTHER NATIONAL DISCLOSURE

COMPANY	2022 ₦'million	2021 ₦'million	2020 ₦'million	2019 ₦'million	2018 ₦'million
BALANCE SHEET					
ASSETS/(LIABILITIES)					
Property, plant and equipment	498,893	554,883	551,926	545,834	535,934
Intangible assets	114	147	180	69	48
Right-of-use assets	1,628	1,365	1,164	994	-
Investments	250,844	163,850	163,828	163,653	163,653
Receivables from subsidiaries	1,087,847	1,147,797	986,423	817,906	715,561
Prepayments for property, plant & equipment	211	211	19,605	5,690	-
Lease receivables	17,085	5,980	9,846	11,285	6,475
Net current asset/(liabilities)	26,001	(129,793)	(155,525)	(146,378)	983
Deferred taxation liabilities	(112,691)	(126,226)	(117,762)	(75,117)	(65,472)
Long term debts	(263,171)	(147,789)	(98,577)	(39,700)	(62,168)
Employee benefits obligations	(8,244)	(2,972)	(3,552)	-	-
Other non-current liabilities	(6,982)	(5,981)	(5,179)	(1,987)	(1,466)
NET ASSETS	1,491,535	1,461,472	1,352,377	1,282,249	1,293,548
CAPITAL AND RESERVES					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital contribution	2,828	2,828	2,828	2,828	2,828
Treasury shares	(45,156)	(9,833)	(9,833)	-	-
Revenue reserve	1,482,913	1,417,527	1,308,432	1,228,471	1,239,770
	1,491,535	1,461,472	1,352,377	1,282,249	1,293,548
Turnover, Profit or Loss account					
Turnover	1,205,401	993,399	719,945	610,247	618,301
Profit before taxation	544,990	534,425	430,747	315,420	392,223
Taxation	(142,133)	(153,325)	(78,138)	(54,071)	89,233
Profit after taxation	402,857	381,100	352,609	261,349	481,456
Per share data (Naira):					
Earnings - (Basic & diluted)	23.87	22.42	20.69	15.34	28.25
Net assets	88.36	85.97	79.36	75.25	75.91

Earnings per share are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

DANGOTE CEMENT PLC
STATEMENT OF VALUE ADDED
OTHER NATIONAL DISCLOSURE

	Group				Company			
	2022 ₦'million	%	2021 ₦'million	%	2022 ₦'million	%	2021 ₦'million	%
Sales	1,618,323		1,383,637		1,205,401		993,399	
Finance Income	38,715		20,765		121,864		92,783	
Other income	5,333		6,221		3,550		1,975	
Bought-in-materials and services:	1,662,371		1,410,623		1,330,815		1,088,157	
- Imported	(300,937)		(223,744)		(199,035)		(121,006)	
- Local	(496,349)		(409,216)		(410,101)		(291,542)	
Value added	865,085	100	777,663	100	721,679	100	675,609	100
Applied as follows:								
To pay employees:								
Salaries, wages and other benefits	90,323	10	72,824	9	53,883	7	39,963	6
To pay Government:								
Current taxation	168,601	20	154,915	20	155,668	22	144,861	22
Deferred taxation	(26,910)	(3)	19,012	3	(13,535)	(2)	8,464	1
To pay providers of capital:								
Finance charges	130,370	15	65,707	8	62,541	9	42,501	6
To provide for maintenance of fixed assets:								
- Depreciation	120,029	14	100,488	13	60,213	8	58,656	9
- Amortization	361	-	278	-	52	-	64	-
Retained in the Group:								
- Non controlling interest	6,323	1	3,431	1	-	-	-	-
- Profit and loss account	375,988	43	361,008	46	402,857	56	381,100	56
	865,085	100	777,663	100	721,679	100	675,609	100

Value added represents the additional wealth which the Group and company have been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth to employees, government, providers of finance, and that retained for future creation of more wealth.