



UAC of Nigeria Plc
Audited Financial Statements for the Period
ended 31 December 2019

UAC of Nigeria Plc
Audited consolidated and separate financial statements
for the year ended 31 December 2019

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Corporate Information

Board of Directors

Mr. Daniel Owor Agbor	Non-Executive Chairman
Mr. Folasope Babasola Aiyesimoju	Group Managing Director
Dr. Umaru Alka	Non-Executive Director
Mr. Babatunde Oladele Kasali	Non-Executive Director
Dr. Okechukwu John Mbonu	Non-Executive Director
Dr. Vitus Chidiebere Ezinwa	Group Human Resources Director
Mr. Ibikunle Ibiyinka Oriola	Group Finance Director
Mr. Bolaji Adekunle Odunsi (Mr. Peter Mombaur, his alternate)	Non-Executive Director
Mrs. Suzanne Olufunke Iroche	Independent Non-Executive Director Appointed w.e.f August 1, 2019
Mr. Karl Olutokun Toriola	Independent Non-Executive Director Appointed w.e.f January 1, 2020

Company Secretary/Legal Adviser

Godwin Abimbola Samuel
Registered Office and Transfer Office
UAC House
1-5, Odunlami Street
Marina, Lagos

Independent Auditors

Ernst & Young
UBA House,
10th & 13th Floors
Marina, Lagos

The Registrar

Africa Prudential PLC
2208 Ikorodu Road,
Palmgrove,
Lagos

Directors' Report

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st December 2019.

Profit/ (loss for the year

	2019 N'000	2018 N'000
Group profit /(loss) for the year	(9,256,413)	(9,530,145)

Dividend

In view of the results, the Directors have recommended the payment of a dividend of 10 kobo per ordinary share to members. The resolution to this effect, will be put to the meeting, for the approval of members.

Activities

UAC of Nigeria PLC is a holding Company with subsidiary companies having operations in the following principal sectors: Packaged Foods and Beverages, Animal Feeds and other Edibles, Real Estate, Paints, Logistics and Quick Service Restaurant.

Corporate governance report

This Corporate Governance Report provides clear information on the company's governance structures, policies and practices as well as environmental and social risks and opportunities. The Corporate Governance of UAC of Nigeria PLC is organized in accordance with the provisions of the Memorandum and Articles of Association of the Company, applicable statutory provisions such as the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria 2004, Investment and Securities Act No. 29 2007, SEC's 2011 Code of Corporate Governance for Public Companies in Nigeria, Nigerian Code of Corporate Governance 2018 and the Rules and Regulations of the Securities and Exchange Commission and the Nigerian Stock Exchange.

The Board of Directors

Under the Articles of Association of the Company, the business of the Company shall be controlled and managed by the Directors, who may exercise all such powers of the Company as are not by statute or the Articles to be exercised by the Company in the general meeting.

The Board of Directors of UAC of Nigeria PLC is made up of seven (7) Non-Executive Directors and three (3) Executive Directors. The Board is headed by a Non-Executive Chairman who is separate from the Group Managing Director who heads Management of the Company. The current list of the members of the Board and their classification are as follows:

Mr. Daniel O Agbor	Non-Executive Chairman
Mr. Folasope B Aiyesimoju	Group Managing Director
Mrs. Suzanne O Iroche	Independent Non-Executive Director
Mr. Babatunde O Kasali	Non-Executive Director
Dr. Umaru Alka	Non-Executive Director
Dr. Okechukwu Mbonu	Non-Executive Director
Mr. Bolaji A Odunsi	Non- Executive Director
Mr. Karl O Toriola	Independent Non- Executive Director
Dr. Vitus C Ezinwa	Group Human Resources Director
Mr. Ibikunle I Oriola	Group Finance Director

All the Directors have access to the advice and services of the Company Secretary. With the approval of the Chairman of the Board, they may take advice from third party professionals in areas where such advice will improve the quality of their contribution to Board deliberations.

The following are matters reserved for the Board of Directors of the Company:

- Formulation of policies, strategy and overseeing the management and conduct of the business;
- Formulation and management of risk management framework;
- Succession planning and appointment, training, remuneration and replacement of Board Members and Senior Management;
- Overseeing the effectiveness and adequacy of internal control systems;
- Overseeing the maintenance of the Company's communication and information dissemination policy;
- Performance appraisal and compensation of Board Members and senior executives;
- Ensuring effective communication with shareholders, other stakeholders, and the investing public;
- Ensuring the integrity of financial controls and reports;
- Ensuring that ethical standards are maintained;
- Ensuring compliance with the Company's Memorandum and Articles of Association, applicable laws, regulations, standards and Code of Corporate Governance by the Company and its Business Units;
- Definition of the scope of delegated Authority to Board committees and management and their accountabilities;
- Definition of the scope of corporate social responsibility through the approval of relevant policies;
- Approval and enforcement of a code of ethics and business practices for the Company, the employees and directors.

Gender diversity and proportion of women in UAC OF Nigeria PLC

UAC of Nigeria PLC is an equal opportunity gender-friendly Company. We are taking the necessary steps in the upward mobility of women, as exemplified by the strong female representation in middle and senior management as well as board level across the UAC group.

Board appointment process, induction and training of board members

The Governance & Remuneration Committee serves as nomination Committee for recommending candidates to fill vacant positions on the Board. The process of appointing Directors involves a declaration of a vacancy to be filled by the Governance and Remuneration Committee. The curriculum vitae of suitable candidates proposed by Board Members having regard to the required skills, competence and experience are referred to the Governance and Remuneration Committee for necessary background checks, informal interviews/interaction and a recommendation for Board's consideration and approval. Changes on the Board are timeously notified to relevant regulatory authorities and the investing public. A Director appointed by the Board is presented to the next Annual General Meeting of the members of the Company for election in line with statutory requirement. A third of members of the Board retire by rotation at the Annual General Meeting.

Directors' induction and training

Every newly appointed non-executive director receives a comprehensive letter of appointment from the Company; while an executive director executes a negotiated and agreed contract of service. The contract spells out the terms of reference of the Board and its Committees, the Board Structure, Board plan for current year, remuneration and demand on his/ her time and disclosure requirements. The letter of appointment is accompanied by an orientation pack containing significant Company documents and policies such as Memorandum and Articles of Association of the Company, latest Annual Report & Accounts of the Company, the 2011 SEC Code of Corporate Governance for Public Companies in Nigeria, The Nigerian Code of Corporate Governance 2018, UACN Code of Business Conduct, major policies of the Company approved by the Board, previous year's Board and Board Committees' minutes are made available to the new Director to help him/ her gain an insight into the governance, management and issues of the Company and Business in the past one year. This is coupled with classroom lectures and presentations on UAC legacy, core values, and business verticals; corporate governance framework, fiduciary duties of Directors, ethics and policies; overview of budget, delegation of authority framework, risk management and investor's relations in the Company; and performance and talent management among others of the Company and its subsidiary Companies. The new Director is also introduced to the Executives, Senior Managers and Leadership Teams of the Company and subsidiary Companies who will assist him to understand the holding company structures and operations. Operational visits are also arranged to introduce the new Director to business operations of the subsidiary Companies. Periodic training programmes are organized for Board members from time to time. Board induction/orientation was conducted for Mrs. Suzanne Iroche in 2019.

Board Evaluation

DCSL Corporate Services Limited carried out an evaluation of the performance of the Board of Directors of UAC of Nigeria Plc for the year ended 2018 in July 2019. Their report was to the effect that: "upon a detailed and thorough review of the relevant corporate governance documents, processes and procedures adopted by the company, we are of the opinion that, save for the highlighted gaps as would be seen in our report, the Board of Directors of UAC of Nigeria Plc has substantially complied with corporate governance procedures and processes as stipulated in the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance. Our review of the corporate governance documents, indicate that the Board is aware of its oversight function and remains apprised of its duty of ensuring the enthronelement of sound corporate governance principles and promoting a culture and awareness of the principles of corporate governance at all levels of the company's operations". The company is implementing the recommendations they made to strengthen corporate and enthronelement of best practice across the company.

Directors standing for re-election

The Directors standing re-election at the 2020 Annual General Meeting are Dr. Umaru Alka, a member of the Governance and Remuneration Committee of the Board and Mr. Babatunde Kasali, a member of the Risk Management Committee of the Board as well as Statutory Audit Committee of the Company. Both being eligible have offered themselves for re-election. The Board is pleased with their services in the past year and has recommended their re-election to the shareholders.

Mrs. Suzanne Olufunke Iroche, Independent Non-Executive Director and member of the Governance and Remuneration Committee of the Board and Mr. Karl Olutokun Toriola, also an Independent Non-Executive Director and member of the Risk Management Committee of the Board and Statutory Audit Committee of the Company, who were appointed to the Board since the last Annual General Meeting will retire at the meeting by law and will be presented for election.

Board meetings

The Board met 7 times during the 2019 financial year. The following table shows the attendance of Directors at the Board Meetings:

Attendance of directors at 2019 board meetings

Directors	13/2/2019	27/3/2019	24/4/2019	26/6/2019	30/7/2019	30/10/2019	11/12/2019
Mr. Daniel Agbor	P	P	P	P	P	P	P
Dr. Okechukwu Mbonu	P	P	P	P	P	P	P
Mrs. Awuneba Ajumogobia	P	P	P	P	P	NLM	NLM
Mr. Babatunde Kasali	P	P	P	P	P	P	P
Dr. Umaru Alka	P	P	P	P	P	P	P
Mrs Omolara Elemide	P	P	P	NLM	NLM	NLM	NLM
Mr Folasope Aiyesimoju	P	P	P	P	P	P	P
Dr. Vitus Ezinwa	P	P	P	P	P	P	P
Mr Bolaji Odunsi	P	P	P	P	P	P	P
Mr Ibikunle Oriola	NYAM	P	P	P	P	P	P
Mrs Suzanne Iroche	NYAM	NYAM	NYAM	NYAM	NYAM	AWP	P

Keys:

P – Present

NYAM – Not Yet A Member

NLM _ No Longer A Member

Composition of board committees

The Board functioned through two Board Committees namely, Risk Management Committee and Governance & Remuneration Committee during the 2019 financial year. Board Committees make recommendations for approval by the full Board.

1. The Risk Management Committee

Risk Management Committee was chaired by Mrs. Awuneba Ajumogobia, Independent Non-Executive Director and was made up of three non-Executive Directors and three Executive Directors. Mrs Ajumogobia resigned from the committee with effect from 1st of August 2019 and Mr. Bolaji Odunsi took over as acting chairman of the committee.

The Terms of Reference for the Risk Management Committee are as follows:

- i. Understand the principal risks to achieving the company and group's strategy;
- ii. Oversee the establishment of a management framework that defines the company's risk policy, risk appetite and risk limits;
- iii. Ensure that business profile and plans are consistent with the Company and group risk appetite;
- iv. Assist the Board in overseeing risk management and monitoring the Group's performance with regards to risk management;
- v. Periodically review the key controls, processes and practice, including limit structure;
- vi. Monitor, review and challenge all aspects of the Company's and group's risk profile key risk management practice;
- vii. Periodically evaluate the Company's risk profile, action plans to manage high risks and progress on the implementation of these plans;
- viii. Monitor risk management policies to ensure they are integrated into the Company's culture;
- ix. Review quarterly risk management reports and make recommendation to the Board on appropriate actions;
- x. Ensure UACN's risk exposures are within approval risk control limits;
- xi. Assess new risk-return opportunities;
- xii. Undertake at least annually a thorough risk assessment covering all aspects of the Company's business and use the result of the risk assessment to update the risk management framework of the Company;
- xv. Review the structure for, and implementation of, risk measurement and reporting standards as well as methodologies;
- xvi. Ensure disclosure of the Company and group risk management policies and practices in the annual report

Audit

- i. Review updates on implementation level of internal and external auditor's recommendations by management from Board Representatives on the Audit Committee.
- ii. Recommend for Board approval, the appointment of an Internal Audit Service Provider;
- iii. Periodically evaluate the performance of Internal Audit Service Provider and make recommendation to the Board;
- iv. Periodically review the manning level and the adequacy of the resources with which the Internal Audit and Risk functions discharge their duties.

Whistle blowing

Oversee the establishment of Whistle Blowing procedures for the receipt, retention, and treatment of Complaints received by the Group regarding accounting, internal controls and/or auditing matters, unethical activity breach of the Corporate Governance Code and the confidential/anonymous treatment of submission by Stakeholders (Employees, Customers, Suppliers, Applicants etc.) of the Group with respect to such Complaints.

Financial Reporting and Regulatory Compliance

- i. Oversee the company's financial reporting, its policies and processes;
- ii. Oversight of treasury reporting, including cash forecast;
- iii. Review the group's operational performance;
- iv. Make recommendations to the Board on capital expenditure, specific projects and their financing within the overall approved plan;
- v. Make recommendations on management of Company's cash and debt exposure / borrowings;
- vi. Monitor compliance and applicable laws and regulation by the Company and its subsidiaries.

The Committee met four (4) times during the 2019 financial year. The following table shows the attendance committee members at the meetings.

Directors	26/3/2019	23/4/2019	29/7/2019	20/10/2019
Mrs. Awuneba Ajumogobia	P	P	P	NLM
Mr. Babatunde Kasali	P	P	P	P
Mrs Omolara Elemide	P	NLM	NLM	NLM
Mr Folasope Aiyesimoju	NYAM	P	P	P
Mr Bolaji Odunsi	P	P	P	P
Dr. Vitus Ezinwa	P	P	P	P
Mr Ibikunle Oriola	P	P	P	P

Keys:

P – Present

NLM _ No Longer A Member

NYAM – Not Yet A Member

2. The Governance and Remuneration Committee

The Committee was chaired by Mr. Dan Agbor, a Non-Executive Director and made up of three other Non-Executive Directors. The Group Managing Director and Group Human Resources Director only attended the meetings of the Committee to present reports and shed light on people management and remuneration proposals.

The following are the terms of reference of the Committee:

- To periodically evaluate the skills knowledge and experience required on the Board and make recommendations on the composition of the Board;
- To define the criteria and the procedure for the appointment of Directors to the Board and the Board committees;
- To prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- To nominate new Directors for appointment to the Boards of the Company, and subsidiary and associated companies;
- To recommend the appointment, remuneration and promotion of Executive Directors and Senior Management;
- To perform annual evaluation of the Board, Board committees and Boards of subsidiary companies as appropriate;
- To set the performance targets/criteria and evaluate the performance of the Group Managing Director/CEO and make recommendations to the Board on his performance;
- To review from time to time succession planning proposals and implementation;
- To document and review the Board Charter and composition, roles, responsibilities, authorities, reporting framework of Board Committees and the Boards of Subsidiary companies;
- To make recommendations to the Board on the adoption of a Code of Conduct (including policy on trading in Company's Shares) for Directors and Senior Executives and to review the same from time to time;
- To make recommendations to the Board on the whistle blowing process for the Company that encourages stakeholders to report any unethical activity/breach in Corporate Governance;
- To oversee continuing education of Board members and the induction of new directors;
- To make input into the annual report of the Company in respect of Directors' compensation;
- To review and make recommendations to the Board for approval on the Company's organizational structure and propose amendments;
- To review and make recommendations to the Board on group-wide staff appraisal, salary and compensation.

Committee Meetings

The Governance and Remuneration Committee met five (5) times in 2019. The following table shows the attendance of committee members at the Meetings:

Attendance at 2019 governance and remuneration committee meetings

Directors	13/2/2019	27/3/2019	26/6/2019	30/7/2019	29/10/2019
Mr. Daniel Agbor	P	P	P	P	P
Dr. Okechukwu Mbonu	P	P	P	P	P
Dr. Umaru Alka	P	P	P	P	P
Mr Folasope Aiyesimoju	P	P	NLM	NLM	NLM
Mrs Suzanne Iroche	NYAM	NYAM	NYAM	AWP	P

Key: -

P - Present

NYAM – Not Yet A Member

AWP – Absent with Apology

NLM _ No Longer A Member

The Statutory Audit Committee

The Statutory Audit Committee consists of six members, made up of three representatives of shareholders elected at the previous Annual General Meeting for a tenure of one year and three representatives of the Board of Directors nominated by the Board. The Chairman of the Committee is Mr. Olabisi Fayombo, a Chartered Accountant, lawyer and shareholders' representative. The Company Secretary is the Secretary to the Committee. The meetings of the Committee were attended by representatives of KPMG Professional Services, our outsourced Internal Audit Service Provider, Ernst & Young, our Independent Auditors and the Company's Head of Risk & Compliance. The Committee operates within the provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation, 2004, 2011 SEC Code of Corporate Governance for Public Companies in Nigeria, The Nigerian Code of Corporate Governance in Nigeria 2018 and the Audit Committee Charter.

The following table shows attendance of members at the 2019 meetings of the Statutory Audit Committee

Directors	26/3/2019	23/4/2019	29/7/2019	29/10/2019
Mr. Olabisi Fayombo	P	P	P	P
Mr. Nwosu Kenneth N.	P	P	P	P
Mr. Matthew Akinlade	P	P	P	AWP
Mr. Babatunde Kasali	P	P	P	P
Mrs. Awuneba Ajumogobia	P	P	P	NLM
Mr Bolaji Odunsi	P	P	P	P

Keys:

P – Present

NLM: No Longer a Member

AWP: Absent With Apology

The Terms of Reference of the Committee

The following are the terms of reference of the Committee:

The Committee is authorized by the Companies and Allied Matters Act, 2004 ('CAMA') to:

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- Review the scope and planning of Audit requirements;
- Review the findings on Management matters in conjunction with the External Auditor and departmental responses thereon;
- Keep under review the effectiveness of the Company's system of accounting and internal control;
- Make recommendations to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company;
- Authorize the Internal Auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee.
- Receive quarterly/periodic reports from the Internal Audit Unit.

In addition, 2011 SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance in Nigeria 2018 also assigns other specific responsibilities to the Committee.

Control Environment

The Board Risk Management Committee reviews the risk environment of the Company at its quarterly meetings and ensures that internal, external audit and risk and compliance recommendations are fully implemented by all concerned. A Fraud Policy is in place to promote consistent organizational behavior by providing guidelines and assigning responsibilities for the deployment of controls and conduct of investigations. The fraud policy is complemented by the Sanctions Grid which the Board strongly enforces to provide a tone-at-the-top support for the maintenance of a strong control environment. The Risk and Compliance Unit follows up on audit findings and recommendations to ensure that they are resolved within agreed time frames. The Company retains an outsourced internal audit and whistle-blowing services provided by KPMG Professional Services.

Securities Trading Policy

In compliance with the Rules of the Nigerian Stock Exchange, we have put in place a Securities Trading Policy to guide Employees and Directors of the Company, persons closely connected to them, and all insiders of the Company on trading in the securities of the company. Under the policy, the closed period shall be effective from 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter, or the date of circulation of agenda papers pertaining to any of the said matters whichever is earlier, up to 24 hours after the price sensitive information is submitted to the NSE. The trading window shall thereafter be opened. We hereby confirm that no Director traded in the securities of the Company within any of the closed periods.

Shareholders Complaints Management Policy

We have put in place a Complaints Management Policy to handle and resolve complaints from our Shareholders and investors. The Policy was defined and endorsed by the Company's Senior Management that is also responsible for its implementation and for monitoring compliance. The Policy is on the Company's website and is made available to Shareholders at Annual General Meetings.

Tenure of directors, professional advisers and consultants

Board of directors

Name	Designation	Years in service
Mr. Daniel O Agbor	Non-Executive Chairman	4 years 5 months (Appointed 12 November 2015)
Mr. Folasope B Aiyesimoju	Group Managing Director	2 years (Appointed 28 March 2018)
Dr. Vitus C Ezinwa	Group Human Resources Director	1 year 5 months (Appointed 1 November 2018)
Mr. Ibikunle Oriola	Group Finance Director	1 year (Appointed 8 March 2019)
Mr. Babatunde O Kasali	Non-Executive Director	7 years 1 month (Appointed 7 March 2013)
Dr Umaru Alka	Non-Executive Director	7 years 1 month (Appointed 7 March 2013)
Dr. Okechukwu Mbonu	Non-Executive Director	4 years 5 months (Appointed 12 November 2015)
Mr. Bolaji A Odunsi	Non- Executive Director	1 year 5 months (Appointed 30 October 2018)
Mrs. Suzanne O Iroche	Independent Non-Executive Director	8 months (Appointed 1 August 2019)
Mr. Karl O Toriola	Independent Non-Executive Director	3 months (Appointed 1 January 2020)

Consultants and professional advisers

Name	Services	Tenure
KPMG	Internal Audit Service Provider	6 years (Appointed 2014)
Ernst & Young	Independent Auditor	5 years (Appointed 2015)
KPMG	Whistle Blowing Ethics Lines	5 years (Appointed 2015)
Deloitte	Tax Advisory and Consultancy	3 months (Appointed 2020)

Directors' Interest in Shares

Name	Direct holdings	Indirect holdings
Mr. Daniel O. Agbor	Nil	20,596,350
Dr. Vitus Ezinwa	220,000	Nil
Dr. Okechukwu John Mbonu	1,103,344	Nil
Mr. Babatunde Oladele Kasali	10,000	Nil
Dr. Umaru Alka	8,109	Nil
Mr. Folasope Babasola Aiyesimoju	31,569	263,718,089
Mr. Bolaji Odunsi	Nil	Nil
Mr. Ibikunle Ibiyinka Oriola	21,159	Nil
Mrs. Suzanne Olufunke Iroche	Nil	Nil
Mr. Karl Olutokun Toriola	Nil	Nil

Directors' interest in contracts

Some of the Directors gave notices for the purposes of Section 277 of the Companies and Matters Act, 1990, to the effect that they are Directors/partners of some specified entities which could be regarded as interested in some contracts with the group during the year under review. Mr. Daniel Agbor is the Senior Partner of Udo Udoma & Belo-Osagie which renders legal services to Companies within the group from time to time. Mr. Folasope Aiyesimoju is a Partner in AM&P, which provided consultancy services to the Company in 2019. Mrs. Suzanne Iroche is a Non-Executive Director of Coronation Merchant Bank Limited which has banking relationship with the Company. Mr. Babatunde Kasali is the Non-Executive Chairman of UACN Property Development Company Plc which has contractual relationship with the Company.

Statement on the availability or otherwise of the code of business conduct and ethics for directors, management and other employees

The Directors, employees, Vendors, Consultants, Contractors, Service providers, and Professional Advisers of UAC of Nigeria PLC and its subsidiary Companies subscribe to abide with the provisions of UACN Code of Business Conduct. This is done in an annual and on-going basis.

1. The highlights of our human resource policies and internal management structure, including relations with employees, employee share-ownership schemes and other work place development initiatives would be included in our 2020 Annual Report
2. The highlights of sustainability policies and programmes covering social issues such as corruption, community service, including environmental protection, serious diseases and matters of general environmental, social and governance (ESG) initiatives would be included in our Annual Report.

Highlights of the policy and cases of claw back being pursued by the company

The Company has a Severance Payment policy with claw back provisions for its recently retired Executive Directors. However, there is currently no claw back case being pursued with any former Company Executive.

Regulatory sanctions and penalties

UAC of Nigeria PLC did not suffer imposition of any fine or penalty by any Regulator in the 2019 financial year and indeed up to the reporting date.

Related party transactions

The report on the nature of any related party relationships and transactions including directors' interest in contracts either directly or indirectly with the company or its subsidiaries and holding companies, any contracts with controlling shareholder(s), their group network and associates are on page 74.

Compliance with code of corporate governance

The Company has fully complied with the provisions of 2011 SEC Code of Corporate Governance for Public Companies in Nigeria and has begun implementation of the provisions of the recently released Nigerian Code of Corporate Governance in Nigeria 2018.



Godwin A Samuel, Esq.,
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITY

"The Directors are responsible for the preparation of the annual financial statements which give a true and fair view of the position of the Company" This statement, which should be read in conjunction with the Auditors' statement of their responsibilities, is made with a view to setting out for Shareholders, the responsibilities of the Directors of the Company with respect to the financial statements.

In accordance with the provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of annual financial statements, which give a true and fair view of the Company and of the Statements of Comprehensive Income for the Financial Year.

The responsibilities include ensuring that:

- a) Appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- b) The Company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which ensure that the financial statements comply with the requirements of the Companies and Allied matters Act;
- c) The Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed and:
- d) The going concern basis is used, unless it is inappropriate to presume the company will continue in business.

The financial statements of the Company for the year ended 31st December 2019 were approved by the Directors on 15th April 2020.

Signed on behalf of the Directors of the Company



Mr. Dan Agbor
Chairman
FRC/2013/NBA/00000001748



Folasope Aiyesimoju
Group Managing Director
FRC/2019/IODN/00000019806

UAC of Nigeria Plc
Notes to the audited consolidated and separate financial statements
for the year ended 31 December 2019

Report of the Audit Committee to the Members of UAC of Nigeria PLC

In compliance with Section 359(6) of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria 2004, we have reviewed the audited Financial Statements of the Company for the year ended 31st December 2019 and report as follows:

- (a) The accounting and reporting policies of the Group and the Company are consistent with legal requirements and agreed ethical practices.
- (b) The scope and planning of the external audit are in our opinion adequate.
- (c) The internal audit and internal control systems are adequate.
- (d) The External Auditors' Management Letter was satisfactorily dealt with by Management.



MR. OLABISI FAYOMBO
FRC/2013/ICAN/00000002883
CHAIRMAN, AUDIT COMMITTEE

Dated 24th day of March, 2020

MEMBERS OF THE COMMITTEE

Mr. Olabisi Fayombo	Chairman
Mr. Matthew Akinlade	Member
Mr. Nwosu Nnabike	Member
Mrs. Awuneba Ajumogobia	Member - Resigned wef 1st August, 2019
Mr. Babatunde Kasali	Member
Mr. Bolaji Odunsi	Member

SECRETARY

Godwin A Samuel, Esq.,

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of UAC of Nigeria Plc and its subsidiaries (the Group) which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of UAC of Nigeria Plc and its subsidiaries as at 31 December 2019, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

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 *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and other independence requirements applicable to performing audits of UAC of Nigeria Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of UAC of Nigeria Plc and its subsidiaries. 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC - Continued

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
<p>Assessment of Goodwill impairment</p> <p>The goodwill balance of ₦548.7 million, principally relates to the acquisitions of Portland Paints & Product Nigeria Plc and Livestock Feeds Plc in 2013.</p> <p>In line with the IAS 36, Goodwill should be tested for impairment annually. The Company tested goodwill for impairment and no impairment charge has been recorded against these balances in the current financial year.</p> <p>The annual impairment test is significant to our audit because the balance involved is significant to the Group and the testing process is complex and requires significant judgment.</p> <p>The value in use assessment to support the continued carrying amount of goodwill involves the application of judgement about future performance of business. Certain assumptions made by management in the impairment review are considered by the engagement team to be key areas of judgement, notably the forecast cash flows, the overall growth rates and the discount rates applied amongst others.</p> <p>The disclosure of goodwill is set out in Note 12 of to the consolidated and separate financial statements.</p>	<p>Our audit procedures include, amongst other, the following:</p> <p>We reviewed management's key assumptions used in the impairment model for goodwill to determine the value in use of the cash generating unit to ensure it is in compliance with the requirements of <i>IAS 36 Impairment of Assets</i>.</p> <p>We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest Board approved budgets and confirming the mathematical accuracy of the underlying calculations.</p> <p>We also considered the accuracy of previous forecasts made by management. We obtained corroborating evidence regarding the carrying value of goodwill, and the related disclosures, through challenging:</p> <ul style="list-style-type: none"> • Key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, and economic forecasts; and • The discount rates by independently estimating a range based on market data. <p>We performed sensitivity analysis around these assumptions to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired.</p> <p>We also reviewed the appropriateness of the disclosure for compliance with relevant standards</p>

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC - Continued

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
<p>Significant impairment of investment in associate</p> <p>During the year, there was a joint announcement by the parent company (UAC of Nigeria Plc) and UACN Property Development Company Plc (UPDC Plc) as regards the unbundling of UPDC Plc's interest in its associate company, (UPDC REIT) to UPDC Plc shareholders. This involves a restructure in the ownership by allocating its interest in associate shares directly to the shareholders of UPDC Plc in proportion to the post- Right issue holdings in UPDC PLC.</p> <p>The result of the joint announcement is yet to be implemented as at year end, but this led to a huge decline in the market/fair value of the associate quoted shares from N5.4 per unit as at 2 September 2019 to N4.25 per unit as at December 2019. The REIT was listed at N10 per unit in July 2013 and the Company had been carrying the investment at cost. The diminution in the unit price has resulted in an erosion of the unit holders' value.</p> <p>An impairment loss of N12.64 billion and N9.48 billion was recognised in the current year for the Group and the Company respectively. The Group's carrying value includes share of profit from the Associate over the years, and this resulted in a higher diminution in value when compared with the unit price as at 31 December 2019. The investment in associate has been accounted for as an asset held for distribution in line with IFRS 5 and measured at the lower of the carrying amount and fair value less cost to sell.</p> <p>We consider this a key audit matter due to the significance of the amount and the impact of the announcement to the public since the associate is a quoted company listed on the Nigeria stock exchange market.</p> <p>The disclosures are shown in note 9 to Consolidated and Separate the financial statements.</p>	<p>Our audit procedures on investments in Associates amongst others includes:</p> <ul style="list-style-type: none"> • We confirmed from the management and Board of directors on the joint public announcement made to ascertain that the investment in associate is now held for onward distribution as at year end. • We ensured that the requirements of IFRS 5 measurement and presentation was applied and the below five criteria have been met; <ul style="list-style-type: none"> i. the Company is committed to distribute the asset ii. the asset is available for immediate distribution in its present condition iii. actions to complete the distribution have been initiated iv. the distribution is expected to be completed within one year from the date of the classification v. it would be unlikely that any significant changes be made to the plan or that it would be withdrawn. • We ensured that the fair value used is the quoted share price of the associate company is that on the Nigeria Stock Exchange market as at 31 December 2019 • Our internal valuation specialist evaluated the reasonableness of the share price used in assessing the value of the asset held for distribution (Associate). <p>We also assessed the adequacy of the disclosures regarding the impairment of the asset held for distribution to determine whether they are in line with IFRS 15 requirements.</p>

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC - Continued

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
<p>Significant inventory write down</p> <p>During the year, the Company's inventory (assets under construction) in respect of Victoria Mall Plaza (VMP) 3A and Victoria Mall Plaza (VMP) 3B was written down by N1.3 billion (2018: N0.594 billion) to its net realisable value based on the expected selling price and other incidental costs to sell.</p> <p>The net realisable value has been estimated on the basis of Management's consideration of the amount recoverable from the asset. Management is putting the inventory up for sale and based on the offers received from prospective buyers, the asset has been written down by N1.3 billion from a carrying cost of N4.275billion to a Net realisable value of N3.067billion. The valuation carried out by the Estate valuer as at 31 December 2019 however showed a fair value of N4.6billion for the asset reflecting continuing use and development on the basis of the current structure on the asset. This is however significantly different from the offers being received from prospective buyers, as none of them intends to continue with the current structural design on the property. Hence the significant write down.</p> <p>The determination of the fair value was based on the estimated amount for which an asset should exchange on the date of valuation which is 31 December 2019 between a willing buyer and willing seller at arm's length transaction after proper marketing wherein parties had each acted knowledgeably, prudent and without compulsion.</p> <p>We consider this a key audit matter due to the significance of the amount and the extent of Management estimation in determining the fair value and the significant write down on the Inventory.</p> <p>The disclosures are shown in note 20 to the Consolidated and Separate the financial statements.</p>	<p>Our audit procedures in relation to Inventory (Assets under construction) amongst others include:</p> <ul style="list-style-type: none"> • We reviewed the valuation of inventory (Assets under construction) to verify that it is performed in accordance with the entity's accounting policies and applicable financial reporting framework. • We checked the carrying value against the recoverable amount to ensure that these assets are carried at the lower of cost and Net realisable value. • We assessed the independence, qualifications, experience, competence and expertise of the valuation experts to determine whether there are any matters that might have affected their objectivity and independence. • We used property specific information and external data to independently develop a range of estimates and compared it with the valuer's estimates. <p>We also reviewed the appropriateness of the disclosure for compliance with relevant standards.</p>

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC - Continued

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
<p>Inventory valuation and Cost of sales:</p> <p>Livestock Feeds Plc measures its raw materials using the weighted average cost method. This cost is computed by the accounting software, which is then used in the determination of the cost of sales. Cost of sales is also adjusted by production yield variance which is driven by the method of measurement and production process.</p> <p>Production yield variance arises as a result of variance in the measure of material input used in the production and the actual output from the production process. The raw material input into the production of finished feeds are not fully recovered at the end of the production process due to impurities, normal loss arising from production and other unpredictable factors. Thus, a production yield variance is determined at the end of each batch produced and this variance is adjusted for as production yield variance in the general ledger.</p> <p>The measurement of raw material and the adjustment to cost of sales was an audit focus area because of the judgement applied in the determination cost of sales to incorporate material yield variance.</p>	<p>We performed the following procedures to address these issues;</p> <ul style="list-style-type: none"> • We participated in the physical inventory count to ascertain the amount of inventory as at year end and the inventory count sheet duly witnessed by us was used as the basis for the valuation done at year end • We selected inventory samples as at year end and recomputed the weighted average cost. We reviewed the inventory valuation to ensure that they are carried at the lower of cost and net realizable value. • We obtained an understanding of the computation of the production yield variance and verified the accuracy of the production volume per computation. • We reviewed the adequacy of provision made during the year for damaged and slow-moving inventory.

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC - Continued

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Chairman's Statement, Statement of Directors' Responsibility, Report of the Audit Committee, Statement of Value Added and Five Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our Auditors' report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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 obtained prior to the date of this Auditors' 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error .

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and the 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 or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC - Continued

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the 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 the 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 the 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 Auditors' 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 Auditors' report. However, future events or conditions may cause the group or the 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 and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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 the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report

To the Members of UAC OF NIGERIA PLC - Continued

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and financial statements of the current year and are therefore the key audit matters. We describe these matters in our Auditors' 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

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books; and
- the Group and the Company's consolidated and separate statement of financial position and consolidated and separate statement of profit or loss and other comprehensive income are in agreement with the books of account.



Yusuf Aliu, FCA
FRC/2012/ICAN/00000000138
For: Ernst & Young
Lagos, Nigeria



UAC of Nigeria Plc
Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2019


		The Group 31 Dec 19 N'000	31 Dec 18 N'000 Restated	The Company 31 Dec 19 N' 000	31 Dec 18 N' 000
	Notes				
Continuing operations					
Revenue	5	79,202,140	70,473,640	758,761	681,238
Cost of sales	6	(62,575,242)	(57,230,823)	-	-
Gross profit		16,626,898	13,242,817	758,761	681,238
Dividends Income		6,441	-	2,296,398	2,046,400
Other operating income	5	2,355,961	1,173,616	1,676,090	437,121
Other operating losses	5	(297,223)	(605,135)	(3,462,569)	-
Selling and distribution expenses	6	(6,453,097)	(4,640,835)	-	-
Administrative expenses	6	(6,572,567)	(5,250,225)	(1,936,029)	(1,887,019)
Operating (loss)/profit		5,666,413	3,920,238	(667,349)	1,277,740
Finance income	7	2,781,020	2,765,977	2,641,095	2,917,806
Finance cost	7	(991,174)	(610,661)	-	-
Net finance income		1,789,846	2,155,316	2,641,095	2,917,806
Profit before tax		7,456,259	6,075,554	1,973,746	4,195,546
Income Tax Expense	8	(2,110,943)	(1,838,357)	(489,599)	(586,880)
Profit after tax for the period from continuing operations		5,345,316	4,237,197	1,484,147	3,608,666
Discontinued operations					
Loss after tax for the period from discontinued operations	34	(14,601,729)	(13,767,342)	-	-
(Loss)/ profit for the period		(9,256,413)	(9,530,145)	1,484,147	3,608,666
Other comprehensive income:					
<i>Items not to be subsequently recycled to profit or loss</i>					
Net changes in fair value of financial assets	15	(1,229)	36,728	(1,229)	-
Tax on other comprehensive income		-	-	-	-
Other comprehensive income for the period net of tax		(1,229)	36,728	(1,229)	-
Total comprehensive (loss)/income for the period net of tax		(9,257,642)	(9,493,417)	1,482,918	3,608,666
(Loss)/Profit attributable to:					
Equity holders of the parent		(5,307,933)	(6,045,192)	1,484,147	3,608,666
Non controlling interests		(3,948,480)	(3,484,953)	-	-
		(9,256,413)	(9,530,145)	1,484,147	3,608,666
Total comprehensive income attributable to:					
Equity holders of the parent		(5,309,162)	(6,004,551)	1,482,918	3,608,666
Non controlling interests		(3,948,480)	(3,488,866)	-	-
		(9,257,642)	(9,493,417)	1,482,918	3,608,666
Earnings per share attributable to owners of the parent during the period (expressed in Naira per share):					
Basic Earnings Per Share					
From continuing operations	10	132	96	52	140
From discontinued operations	10	(315)	(304)	-	-
From loss for the period		(183)	(209)	52	140
Diluted Earnings Per Share					
From continuing operations	10	132	96	52	140
From discontinued operations	10	(315)	(304)	-	-
From loss for the period		(183)	(209)	52	140


For purpose of proper comparison, comparative figures of FY 2018 have been adjusted to align with FY 2019 for change in designation of a new disposal group held for sale/ distribution in line with IFRS 5 (Note 34).


Audited Consolidated Statement of Financial Position
as at 31 December 2019

		The Group			The Company	
		31 Dec 19 N' 000	31 Dec 18 Restated N' 000	1 Jan 18 Restated N' 000	31 Dec 19 N' 000	31 Dec 18 N'000
Notes						
Assets						
Non-current assets						
Property, plant and equipment	11	18,919,587	21,695,214	21,429,733	699,102	714,112
Intangible assets and goodwill	12	1,417,604	1,525,656	1,606,023	10,203	21,722
Investment property	13	2,400,336	7,196,663	13,486,037	2,096,624	2,694,651
Investments in associates and joint ventures	16	-	20,091,466	19,109,621	-	-
Right of use assets	19	1,116,407	-	-	-	-
Debt instrument at amortised cost	17	1,991,907	-	-	1,991,907	-
Equity instrument at fair value through other comprehensive income	15	28,771	47,729	26,199	28,771	30,000
Investments in subsidiaries	14	-	-	-	14,563,767	21,207,536
Prepayment	21	132,960	8,706	3,245	131,191	-
Deferred tax asset	24	11,619	90,144	711,900	-	-
		26,019,191	50,655,578	56,372,760	19,521,565	24,668,021
Current assets						
Inventories	20	16,290,212	30,525,636	30,391,954	3,602	3,123
Trade and other receivables	21	5,015,319	10,233,691	16,367,448	17,677,438	5,463,870
Cash and Cash equivalents	22	23,891,135	30,279,018	14,138,519	8,126,164	18,776,880
Refund asset	18	7,384	7,916	-	-	-
		45,204,050	71,046,261	60,897,921	25,807,204	24,243,873
Non-current asset held for sale	14 (i)	-	-	-	3,658,420	130,000
Assets of disposal group classified as held for sale/distribution to owners	34	36,372,022	9,270,145	13,259,410	-	-
Total assets		107,595,263	130,971,984	130,530,090	48,987,189	49,041,894
Equity and Liabilities						
Ordinary share capital	30	1,440,648	1,440,648	960,432	1,440,648	1,440,648
Share premium		18,451,844	18,451,844	3,877,260	18,509,120	18,509,120
Contingency reserve		69,571	69,571	65,145	-	-
Fair value/Available for sale reserve		27,770	33,957	(1,990)	27,770	28,999
Statutory reserve		91,923	91,923	91,923	-	-
Retained earnings		29,997,824	37,796,850	46,083,690	19,793,893	20,153,775
Equity attributable to equity holders of the Company		50,079,580	57,884,793	51,076,460	39,771,431	40,132,542
Non controlling interests		10,461,832	16,188,587	21,534,946	-	-
Total equity		60,541,412	74,073,380	72,611,406	39,771,431	40,132,542
Liabilities						
Non-current liabilities						
Borrowings	23	1,850,583	4,500,793	1,329,037	-	-
Deferred tax liabilities	24	4,150,461	4,711,430	4,971,106	24,625	73,648
Lease Liability	19	455,494	-	-	-	-
Contract liabilities	27	-	1,577	3,192	-	-
Provisions	29	7,387	10,874	17,223	-	-
		6,463,925	9,224,674	6,320,557	24,625	73,648
Current liabilities						
Trade and other payables	25	9,960,311	14,949,197	16,291,468	1,120,300	1,056,112
Contract liabilities	27	669,292	267,109	213,463	152,775	134,276
Current income tax liabilities	8	4,510,936	6,327,649	5,294,393	2,984,185	2,655,269
Bank overdrafts and current portion of borrowings	23	4,595,937	19,671,568	23,793,032	-	-
Dividend payable	28	5,517,803	5,375,416	5,019,577	4,843,925	4,899,962
Government grant	26	50,107	-	9,226	-	-
Lease liability	19	526,623	-	-	-	-
Provisions	29	95,948	93,085	92,456	89,948	90,085
Refund liabilities	18	8,093	9,167	-	-	-
		25,935,050	46,693,191	50,713,614	9,191,133	8,835,704
Liabilities of disposal group classified as held for sale/distribution to owners	34	14,654,876	980,739	884,513	-	-
Total liabilities		47,053,851	56,898,604	57,918,684	9,215,758	8,909,352
Total equity and liabilities		107,595,263	130,971,984	130,530,090	48,987,189	49,041,894

The financial statements and the notes on pages 23 to 81 were approved and authorised before issue by the board of directors on 15 April 2020 and were signed on its behalf by:


Mr. Dan Agbor
Chairman
FRC/2013/NBA/00000001748


Folasope Aiyesimaju
Group Managing Director
FRC/2019/IODN/000000019806


Mr. Ibikunle Oriola
Group Finance Director
FRC/2013/ICAN/00000004372

UAC of Nigeria Plc
Audited Consolidated Statement of Changes in Equity
for the year ended 31 December 2019

		The Group								
		Attributable to owners of the Company								
Notes		Share Capital N'000	Share Premium N'000	Contingency Reserve N'000	Fair value/available for sale Reserve N'000	Revaluation Reserve N'000	Retained Earnings N'000	Total N'000	Non controlling Interest N'000	Total N'000
	Balance at 1 January 2018	960,432	3,934,536	28,575	(1,990)	-	46,827,439	51,748,992	21,377,429	73,126,421
	Correction of error (Note 38)	-	(57,276)	36,570		91,923	(743,750)	(672,533)	157,517	(515,016)
	Restated balance as at 1 January 2018	960,432	3,877,260	65,145	(1,990)	91,923	46,083,688	51,076,459	21,534,946	72,611,405
	Effects of adoption of new IFRS	-	-	-	-	-	(639,135)	(639,135)	(288,309)	(927,444)
	Opening balance 1 January 2018	960,432	3,877,260	65,145	(1,990)	91,923	45,444,553	50,437,324	21,246,637	71,683,961
	Loss for the year	-	-	-	-	-	(6,045,192)	(6,045,192)	(3,484,953)	(9,530,145)
	Other comprehensive income	-	-	-	-	-	-	-	-	-
	Net changes in fair value of financial assets	15	-	-	-	33,957	-	33,957	2,771	36,728
	Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
	Acquisition of non-controlling interests - Grand Cereals Limited and CAP Plc	-	-	-	-	-	276,750	276,750	(276,750)	-
	Transactions with Equity holders	-	-	-	-	-	-	-	-	-
	Rights issue fully subscribed	480,216	14,574,584	-	-	-	-	15,054,800	-	15,054,800
	Purchase of NCI	-	-	-	-	-	-	-	(6,900)	(6,900)
	Additional investment by NCI	-	-	-	-	-	-	-	354,051	354,051
	Reversal of available for sale reserve due to disposal	-	-	-	1,990	-	(1,990)	-	-	-
	Transfer from retained earnings	-	-	4,426	-	-	(4,426)	-	-	-
	Dividends	-	-	-	-	-	(1,872,842)	(1,872,842)	(1,646,270)	(3,519,112)
	Balance at 31 December 2018	1,440,648	18,451,844	69,571	33,957	91,923	37,796,853	57,884,793	16,188,587	74,073,380
	Balance as at 31 December 2018 as originally presented	1,440,648	18,509,120	28,575	14,789	-	38,135,993	58,129,125	16,078,903	74,208,028
	Correction of error (Note 38)	-	(57,276)	40,996	19,168	91,923	(339,143)	(244,332)	109,684	(134,649)
	Restated total equity as at 31 December 2018	1,440,648	18,451,844	69,571	33,957	91,923	37,796,850	57,884,793	16,188,587	74,073,380
	Restated total equity at 1 January 2019	1,440,648	18,451,844	69,571	33,957	91,923	37,796,850	57,884,793	16,188,587	74,073,380
	Loss for the year	-	-	-	-	-	(5,307,933)	(5,307,933)	(3,948,480)	(9,256,413)
	Other comprehensive income	-	-	-	-	-	-	-	-	-
	Net changes in fair value financial assets	15	-	-	-	(6,187)	4,958	(1,229)	-	(1,229)
	Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
	Additional acquisition by non-controlling interest	-	-	-	-	-	-	-	66,639	66,639
	Transactions with Equity holders	-	-	-	-	-	-	-	-	-
	Dividends	-	-	-	-	-	(1,844,029)	(1,844,029)	(1,884,183)	(3,728,212)
	Movement in retained earnings due to loss of control	-	-	-	-	-	(652,023)	(652,023)	-	(652,023)
	Transactions with NCI	-	-	-	-	-	-	-	-	-
	Elimination of Non-controlling interest after disposal of Warm Spring Nigeria Limited	-	-	-	-	-	-	-	39,269	39,269
	Balance at 31 December 2019	1,440,648	18,451,844	69,571	27,770	91,923	29,997,824	50,079,580	10,461,832	60,541,412

The Company						
Attributable to owners of the Company						
	Share Capital N'000	Share Premium N'000	Fair value available for sale reserve N'000	Retained Earnings N'000	Actuarial gains and losses N'000	TOTAL N'000
Balance at 1 January 2018	960,432	3,934,536	-	18,417,952	-	23,312,920
Profit and loss	-	-	-	3,608,666	-	3,608,666
Net changes in fair value of financial assets	-	-	28,999	-	-	28,999
Rights issue fully subscribed	480,216	14,574,584	-	-	-	15,054,800
Dividends paid	-	-	-	(1,872,843)	-	(1,872,843)
Balance at 31 December 2018	1,440,648	18,509,120	28,999	20,153,775	-	40,132,542
Balance at 1 January 2019	1,440,648	18,509,120	28,999	20,153,775	-	40,132,542
Profit for the year	-	-	-	1,484,147	-	1,484,147
Net changes in fair value of financial assets	-	-	(1,229)	-	-	(1,229)
Dividends	-	-	-	(1,844,029)	-	(1,844,029)
Balance at 31 December 2019	1,440,648	18,509,120	27,770	19,793,893	-	39,771,431

UAC of Nigeria Plc
Audited Consolidated statement of cash flow
for the year ended 31 December 2019

		The Group	31 Dec 18 Restated	The Company	
	Notes	31 Dec 19	N°000	31 Dec 19	31 Dec 18
		N° 000	N°000	N° 000	N° 000
Cash flows from operating activities					
Cash generated from operations	31	(1,099,928)	3,552,789	(12,937,782)	321,753
Corporate tax paid		(1,550,854)	(2,374,111)	(29,472)	(393,414)
Net cash flow generated from operating activities		(2,650,782)	1,178,678	(12,967,254)	(71,661)
Cash flows from investing activities					
Purchase of Intangible assets	12	(14,847)	(33,112)	(945)	(7,030)
Purchase of property, plant and equipment	11	(2,710,474)	(2,925,684)	(176,883)	(243,737)
Proceeds from sale of property, plant and equipment		157,257	97,969	53,890	24,137
Purchase of investment properties	13	(1,590)	(2,559)	(1,590)	(2,559)
Proceeds from sale of investment properties		1,011,286	5,225,349	1,011,286	134,552
Proceeds from disposal of Warm Spring Water Nigeria Limited		292,094	-	295,863	-
Transfer of tangible assets		-	(12,028)	-	-
Dividend received		6,441	-	2,296,398	2,046,400
Interest received	7	2,781,020	2,765,977	2,616,821	2,917,806
Acquisition of additional interest in subsidiaries		-	-	(69,360)	-
Investment in joint venture		-	(981,845)	-	-
Investment in debt securities	17	(2,015,218)	-	(2,015,218)	-
Net cash generated from investing activities		(494,031)	4,134,067	4,010,262	4,869,569
Cash flows from financing activities					
Dividends paid to non controlling interests		(1,884,183)	(1,646,270)	-	-
Dividends paid to Company shareholders	28	(2,073,296)	(1,681,095)	(2,073,296)	(1,681,095)
Proceeds from borrowings	23	4,479,255	6,315,864	-	-
Unclaimed dividend refund	28	917,917	313,537	379,571	202,615
Proceeds from rights issue		-	-	-	15,366,915
Proceeds from new share issue		-	15,054,800	-	-
Rights issue expenses		-	-	-	(312,115)
Repayment of borrowings	23	(4,393,485)	(7,876,232)	-	-
Repayment of lease liability principal	19	(250,000)	-	-	-
Interest paid on lease liability		(105,917)	-	-	-
Proceeds of capital injection by non-controlling interest		-	347,150	-	-
Acquisition of additional interest in subsidiaries		-	-	-	(5,380,223)
Capital injection by NCI		66,639	-	-	-
Net cash flow used in financing activities		(3,243,070)	10,827,754	(1,693,725)	8,196,098
Net decrease/increase in cash & cash equivalents		(6,387,883)	16,140,499	(10,650,717)	12,994,005
Cash & cash equivalents at the beginning of the year		30,279,018	14,138,519	18,776,880	5,779,991
Effects of exchange rate changes on cash and cash equivalents.		-	-	-	2,882
Cash & cash equivalents at the end of the period after adjusting for bank overdraft	22	23,891,135	30,279,018	8,126,164	18,776,880

1 Corporate Information

The consolidated financial statements of UAC of Nigeria Plc ('the Company') and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of directors on 15th April 2020.

UAC of Nigeria Plc. (the Company or the parent) is a limited company incorporated and domiciled in Nigeria and whose shares are publicly traded. The registered office is located at 1-5, Odunlami Street, Marina, Lagos.

The Group is a diversified business with activities in the following principal sectors: Packaged Foods and Beverages, Animal Feeds and Other Edibles, Logistics, Quick Service Restaurants, Real Estate and Paints. (See Note 5).

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated and Separate financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and equity financial assets that have been measured at fair value.

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

The consolidated and separate financial statements provide comparative information in respect of the previous period.

The financial statements have been prepared on a going concern basis.

The policies set out below have been consistently applied to all the years presented.

2.2 Changes in accounting policies and disclosures

a New and amended standards and interpretations adopted by the Group

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	N'000
Assets	
Right-of-use assets	1,631,458
Prepayments	(478,576)
Total Assets	<u>1,152,882</u>
Liabilities	
Lease liabilities	1,152,882
Deferred tax	-
Total liabilities	<u>1,152,882</u>

Before the adoption of IFRS 16, the Group classified its lease (as lessee) at the inception date as an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Weighted average incremental borrowing rate as at 1 January 2019: 17.1%

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	N'000
Operating lease commitments as at 31 December 2018	91,179
Weighted average incremental borrowing rate as at 1 January 2019	17.1%
Discounted operating lease commitments as at 1 January 2019	<u>43,794</u>
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to leases previously classified as finance leases	-
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	<u>1,109,088</u>
Lease liabilities as at 1 January 2019	<u>1,152,882</u>

Leases previously accounted for as operating leases

The Group recognised right-of-use asset for the lease previously classified as operating lease. The right-of-use asset for the lease were recognised based on the amount equal to the lease liability adjusted for prepayment relating to the lease recognized in the statement of financial position immediately before the date of initial application .

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There was no adjustment to retained earnings.

Other new amendments and interpretations, but do not have an impact on the financial statements of the Group are listed below:

- i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- ii) Amendments to IFRS 9: Prepayment Features with Negative Compensation
- iii) Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- iv) Amendments to IAS 28: Long-term interests in associates and joint ventures

b New standard, amendments and interpretations not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- i) The Conceptual Framework for Financial Reporting – effective 1 January 2020
- ii) Amendments to IFRS 3 - Definition of a Business
- iii) Amendments to IAS 1 and IAS 8 - Definition of Material
- iv) IFRS 17 Insurance Contracts
- v) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2.3 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the All intra-group transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Changes in ownership interests in subsidiaries without loss of control

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Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control, generally a Group has shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Share of profit/(losses) arising from equity accounting of investment in associates are recognised in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management Committee.

2.5 Foreign currency translation

a Functional and presentation currency

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

b Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within "Other operating profit and (losses)"

UAC of Nigeria Plc
Notes to the audited consolidated and separate financial statements
for the Year ended 31 December 2019

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary financial assets measured at fair value in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are classified as property, plant and equipment.

Land and buildings comprise mainly of factories and offices.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Leasehold properties are depreciated over their useful lives, unless the lease period is shorter, in which case the lease period is used. Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

Leasehold land and buildings	Lease terms vary from 5 to 25 years
Plant and machinery	2 to 10 years
Office furniture and equipments	3 to 5 years
Motor vehicles	4 to 10 years
Computer equipments	3 to 5 years
Capital work-in-progress	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Impairment Note 2.10 for further detail).

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition or disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised within "Other (losses)/gains in the statement of profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Intangible assets

a Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, and then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to accounting policy on Computer Software below), all internally generated intangible assets are expensed as incurred.

The useful lives of intangible assets are either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the method are reviewed at each financial year end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively.

Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment either individually or at the cash-generating level. The useful lives are also reviewed each period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment to a finite life is accounted for prospectively.

c Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software acquisition and development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed five years.

2.8 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise mainly of commercial projects constructed and acquired with the aim of leasing out to tenants.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The Group makes use of internal and external valuation experts. Each property is valued by an external valuer annually.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments are not recognised in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16.

2.9 Financial instruments – initial recognition and subsequent measurement

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.

a Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets includes financial assets at amortised cost and financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to subsidiary and loan to a director included under current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis

Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4.1 and
- Trade receivables, including contract assets Note 2.11

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 2.13 and 2.14

2.10 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

Disclosures for significant assumptions (Note 4)

Property, plant and equipment (Note 11)

Intangible assets (Note 12)

Goodwill (Note 12)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Impairment is performed in accordance with the policy on impairment of financial assets 4.1

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.12 Cash, cash equivalents and bank overdrafts

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

In the consolidated statement of financial position, bank overdrafts are shown with borrowings in current liabilities.

2.13 Borrowings

Interest-bearing bank loans and overdrafts are recorded at fair value, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis through profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the effect of discounting is material, provisions are discounted and measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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 profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax (VAT)

Expenses and assets are recognised net of the amount of Value added tax (VAT), except:

- When the Value added tax (VAT) incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case, the Value added tax (VAT) is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax (VAT) included.

The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

2.20 Employee benefits

a Defined Contribution schemes

The Group has two defined contribution plans for its employees;

- i) A statutory pension scheme and
- ii) A gratuity scheme

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(i) Pension Scheme

The Pensions Reform Act of 2014 requires all companies to pay a minimum of 10% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees to a pension fund administrator.

The contributions are recognised as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid.

(ii) Gratuity Scheme

The Company's gratuity scheme was discontinued in 2018. On the date, accruing assets and obligations of the scheme were transferred to a third party for management and administration.

(b) Profit-sharing and bonus plans

The Group operates a bonus plan where staff are remunerated based on parameters determined by the Board. Bonus payments are at the discretion of the Board and the expense is recognised in the year it is incurred. There is no contractual obligation neither has there been a past practice to create a constructive obligation.

2.21 Revenue recognition

Revenue from contracts with customers

The Group is involved in the manufacture and sale of paint, foods and beverages, agricultural business relating to the manufacture and marketing of animal feeds and concentrates, real estate, hotel management, facilities management, rendering of warehousing, distribution and haulage services, managing quick service restaurants through its franchise operations and management services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Group has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorised the different revenue stream detailed below.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.22

At contract inception, the Group assess the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In arriving at the performance obligations, the Company assessed the goods and services as capable of being distinct and as distinct within the context of the contract after considering the following:

- If the customer can benefit from the individual good or service on its own;
- If the customer can use the good or service with other readily available resources;
- If multiple promised goods or services work together to deliver a combined output(s); and
- whether the good or service is integrated with, highly interdependent on, highly interrelated with, or significantly modifying or customising, other promised goods or services in the contract

Sale of paints

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The paint is often sold with volume rebates based on aggregate sales over a three months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates.

The Group normally transfer the products to the customers' premises as part of the sales incentive which is a logistics discount. The logistic discount which is the transport cost paid on behalf of the customer is recognised as a reduction to revenue for the related goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any).

In determining the transaction price for the sale of hardware, the Group considers the existence of significant financing components and consideration payable to the customer (if any).

Sale of food and beverages

Contract for the sale of food and beverages begins when goods have been delivered to the customer and revenue is recognised at the point in time when control of the goods has been transferred to the customer, generally on delivery of the goods.

The normal credit term is 5 days upon delivery for food items, 60 days for key account customers and bottled water 60days.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any).

In determining the transaction price for the sale of food and beverages, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

Sale of animal feeds and concentrates

Contract for the sale of animal feeds and concentrates begins when goods have been delivered to the customer and revenue is recognised at the point in time when control of the goods has been transferred to the customer, generally on delivery of the goods.

The normal credit term is 90 days upon delivery.

Sale of properties

The Group builds properties to sell. The Group either sells a completed property or a carcass. For a carcass, the customer buys and completes the property.

The Group recognises revenue at a point in time when control is transferred to the customer. Control is transferred when the customer pays the full price of the property.

The Group gives its customers a credit period of 90 days when an instalment payment is outstanding.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price, the Group considers the effects of the existence of significant financing component.

In determining the transaction price, the Group considers the effects of the existence of significant financing component.

Service and management fees

The Group provides management services on rented and sold out properties to customers.

The Group recognises revenue overtime because as the Group renders the management services, the customer simultaneously receives and consumes the benefits.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price, the Group considers the effects of the existence of significant financing component.

Commercial service fees

Commercial service fees are fees earned on management services rendered to Group entities. These services include but are not limited to; legal/Group secretarial and human resources support.

These services have been assessed as a single performance obligation because these services are individually distinct but within the context of the contract, are not distinct and thus have been bundled into one performance obligation.

The Group recognises revenue from commercial services rendered to related party over time because the customer simultaneously receives and consumes the benefits provided by the Group.

To measure progress towards completion of the performance obligation, the Group uses the output method.

Facilities Management services

The Group provides added services such as security services in its lease arrangements with its lessee. The Group recognises revenue earned from such services in line with IFRS 15.

The service charge on rental properties is assessed as a series of distinct services because the service charge refers to services that are substantially the same and have the same pattern of transfer to the tenants.

The Group recognises revenue from service charge on lease agreements over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Rendering of warehousing, distribution and haulage services

Contract for the rendering of warehousing, distribution and haulage services begins when the Group has satisfied the customer of its performance obligation. The Group recognizes revenue over time as the performance obligation is being satisfied for warehousing services.

Revenue for distribution and haulage services is recognised at a point in time, when the performance obligation is fully satisfied.

A valid contract is recognised as revenue after the contract is approved by the parties, rights and obligations are recognised, collectability is probable, the contract has commercial substance and the payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract.

The Group is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Rendering of services based on Franchise agreement

The sale-based franchise fees (royalties) are recognized at the later of when the sale occurs (provided there is no expectation of a subsequent reversal of the revenue); or the performance obligation to which some or all of the sales-based royalty has been allocated is satisfied (in whole or in part).

An agreed royalty rate is charged on the Net Proceeds on Sale (NPS) declared by each franchisee and recognized in the books as royalty income.

The Group recognises revenue from royalty rates and franchise fees overtime.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any).

In determining the transaction price for the sale of feeds and concentrates, the Group considers the existence of significant financing components and consideration payable to the customer (if any).

Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of paint and other decorative provide customers with a right of return and usage based fees (management fee). The rights of return and usage based fees give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. Some contracts for the sale of Animal feeds, sales of food and beverages, paints provide customers with a right of return and volume rebates.

In addition, the Group offers its customers a right of return depending on if products are expired or defective in production. When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products.

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled.

The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Assets and liabilities arising from rights of return

- **Right of return assets**

Right of return asset represents the Group's right to recover the goods expected to be returned by customers.

The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

- **Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Customer usage

The Group has contracts where support staffs are located in the colour centres/shops that belongs to its numerous customers. The fee charged is based on a constant rate on sales made by the customer.

The total transaction price of service cost rendered by Group would be variable since the contracts have range of possible transaction prices arising from different volume purchased even though the rate per unit/band is fixed.

The Group estimates the variable consideration using the expected value (i.e, a probability weighted amount) because this method best predicts the amount of consideration.

Application of paint

Such services are recognised as a performance obligation satisfied over time. Revenue is recognised by measuring progress using the input method that is labour hours.

Using the practical expedient in IFRS 15 for the application of paint, the Group has elect to recognise revenue based on the amount invoiced to the customer since the Group has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

Volume incentives and logistics discounts

When customers meet a set target in a particular month the Group gives a volume incentive. This is based on a percentage of what he achieves and it is credited to the customer's account which is determined at the inception of the contract.

The Group pays logistics fees on behalf of the customers each time the customer transports his goods himself. The Group already treats this as a reduction in sales which is in line with IFRS 15.

Consideration payable to the customer

Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to its customer in form of logistics discounts granted to some of its customers upon execution of the some of its service contract.

The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

The Group recognise the reduction of revenue when (or as) the later of either of the following events occurs:

- the entity recognises revenue for the transfer of the related goods or services to the customer; and
- the entity pays or promises to pay the consideration (even if the payment is conditional on a future event). That promise might be implied by the entity's customary business practices.

Non-refundable upfront fees

In certain circumstances, the Group may receive payments from customers before they provide the contracted service or deliver a good. The up-front fees relates to an activity that the Group is required to undertake in order to fulfil the contract which result in the transfer of a promised good or service to the customer. The non-refundable up-front fees are paid at or near contract inception – e.g. set-up fees for project integration, required scheme testing, training or other payments made at contract inception.

The Group considers the upfront fee to be part of the consideration allocable to the goods or services in the contract and would be recognised when (or as) the good or service to which the consideration was allocated is transferred to the customer. Since the set-up activities satisfy a performance obligation, the Group recognised the related costs when measuring progress.

When the Group receives consideration that is attributable to a customer's unexercised rights, the Group will recognise contract liability equal to the amount prepaid by the customer for the performance obligation to transfer, or to stand ready to transfer, goods or services in the future. Revenue would be recognised when the entity satisfies its performance obligation.

Principal vs Agent consideration

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.1 (b) Financial instruments – initial recognition and subsequent measurement.

2.22 Significant accounting judgements, estimates and assumptions on IFRS 15

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of application of paints

The Group concluded that revenue for application of paint is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring progress of the application of paint services because there is a direct relationship between the Group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Determining the timing of satisfaction of sales of paint

The Group concluded that revenue for sales of paint is to be recognised as a point in time; when the customer obtains control the paint. The Group assess when control is transfer using the indicators below:

- The Group has a present right to payment for the paint;
- The customer has legal title to the paint;
- The Group has transferred physical possession of the asset and delivery note received;
- The customer has the significant risks and rewards of ownership of the paint; and
- The customer has accepted the asset

Determining the timing of satisfaction of sales of properties.

The Group concluded that revenue from sales of properties will be recognised at a point in time because the sale does not meet the requirements of being satisfied overtime. The Group has assessed that a customer obtains control of the property when the Group has transferred physical possession of the property to the Customer.

The Group has elected to use the output method to measure its progress. The Output method recognises revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The Group has determined that the output method faithfully depicts its performance in transferring control of the property to the customer and, the method directly measures the value of the property being transferred to the customer.

Determining the timing of satisfaction of sales of food and beverages

The Group concluded that revenue for sales of foods and beverages is to be recognised as a point in time; when the customer obtains control the goods. The Group assesses when control is transferred using the indicators below:

- The Group has a present right to payment for the goods;
- The customer has legal title to the goods;
- The Group has transferred physical possession of the asset and delivery note received;
- The customer has the significant risks and rewards of ownership of the goods; and
- The customer has accepted the goods

Determining the timing of satisfaction of sales of feeds and concentrates

The Group concluded that revenue for sales of feeds and concentrates is to be recognised as a point in time; when the customer obtains control the goods. The Group assess when control is transferred using the indicators below:

- The Group has a present right to payment for the goods;
- The customer has legal title to the goods;
- The Group has transferred physical possession of the asset and delivery note received;
- The customer has the significant risks and rewards of ownership of the goods; and
- The customer has accepted the goods

Determining the timing of satisfaction of service and management fees

The Group concluded that revenue earned from rendering management services on leased or sold properties will be recognised over time because, as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Group's performance.

The Group has determined that the output method faithfully depicts its performance in transferring control of the services to the customer. The Output method recognises revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The Group has assessed that there is a direct relationship between the Group's measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

Determining the timing of satisfaction of Commercial services to related party.

The Group concluded that revenue from commercial services rendered to related parties will be recognised over time because, as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Group's performance. The Group has determined that the output method is the best method in measuring progress rendering the services to the customer. The output method recognises revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The Group has assessed that there is a direct relationship between the Group's measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

Determining the timing of satisfaction of Management Services on Lease Agreements

The Group concluded that revenue from management services on lease agreements will be recognised over time because, as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Group's performance. The Group has determined that the input method will effectively capture UACN's efforts to render the services. Such efforts include cost incurred to render the services.

Principal versus agent considerations

The Group has a formal agreement with one of its subsidiaries, MDS Logistics to distribute goods on its behalf. However, UFL establishes the price for the products. Where products remain unsold and expires, UFL writes the value off in its books. UFL pays a service charge to MDS Logistics for services rendered.

Therefore, the Group determined that it is principal in these contracts.

- The Group bears the risk of inventory. It takes responsibility for goods that have expired in the hands of MDS logistics.
- The Group has discretion in establishing the price of the goods sold by MDS logistics which indicates control.
- The Group has the flexibility in setting the prices in order to generate additional revenue from its service of arranging for goods or services to be provided by the telecommunication entity to customers.

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of paint include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of paint with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of paint with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Company

(i) Management fees

Revenue for the company represents management fees charged to group entities for services provided such as legal/company secretarial and human resources support . Revenue is recognised as the services are completed.

(ii) Dividend income

Dividend income is recognised once the right to receive payment has been established, which is generally when shareholders approve the dividend.

2.23

Lease

Policy applicable from 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

i) Right-of-use assets

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

- Land and building 2 to 45 years
- Plant and machinery 3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

ii) Lease liabilities

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease - Policy applicable for periods before 1 January 2019

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Cash Dividend and Non-cash distribution to equity holders of the parent.

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. In respect of interim dividends these are recognised once paid.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2.25 Government grant

Government Grants are recognised when there is reasonable assurance that the grant will be received and the company will comply with the conditions attaching to it.

Where a government grant is related to income, it is classified under the heading 'other gains' in the statement of comprehensive income. Where the grant is related to expenses, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

For government loans obtained at below market rates of interest and treated as government grants, the loan is recognised and measured in line with IAS 39 and any resulting difference between the measurement of the grant and the actual proceeds received is capitalised as deferred income. Where the grant is intended to assist in the acquisition of an asset, the deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

Grants related to non-monetary assets are stated at fair value. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.26 Fair value measurement

The Group measures non-financial assets such as investment properties at fair value at each reporting date. Available for sale financial assets are also carried at fair value at the Group level.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3 Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, debt instruments and cash and bank balances that are derived directly from its operations.

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits and loans and borrowings.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US dollar as a result of importing key raw materials. Foreign exchange risk arises from future commercial transactions. There are limited exposures to recognised assets and liabilities and net investments in foreign operations.

The Group does not make use of derivatives to hedge its exposures. Although the Group has various measures to mitigate exposure to foreign exchange rate movement, over the long term however, permanent changes in exchange rates will have an impact on profit. The Group monitors movement in the currency on an on-going basis.

The group manages this risk through adequate planning and timing of its foreign exchange transactions and funding of its domiciliary accounts

The Group's concentration of foreign exchange exposure is as follows:

GROUP

	31 December 2019				
	Naira N'000	USD N'000	GBP N'000	Others N'000	Total N'000
Financial assets					
Trade receivables (Net)	1,895,584	-	-	-	1,895,584
Debt at amortised cost		1,991,907			1,991,907
Cash and short-term deposits	23,728,564	129,813	32,759	-	23,891,136
	25,624,148	2,121,720	32,759	-	27,778,627
Financial liabilities					
Long term borrowings	1,850,583	-	-	-	1,850,583
Short term borrowings (net)	4,595,937	-	-	-	4,595,937
Trade and other payables	5,003,051	-	-	-	5,003,051
	11,449,570	-	-	-	11,449,570

GROUP

	31 December 2018				
	Naira N'000	USD N'000	GBP N'000	Others N'000	Total N'000
Financial assets					
Trade receivables (Net)	2,392,642	-	-	-	2,392,642
Cash and short-term deposits	29,996,747	276,766	1,736	-	30,275,249
	32,389,389	276,766	1,736	-	32,667,891
Financial liabilities					
Long term borrowings	4,500,793	-	-	-	4,500,793
Short term borrowings	19,671,568	-	-	-	19,671,568
Trade and other payables	6,843,729	-	-	-	6,843,729
	31,016,090	-	-	-	31,016,090

UAC of Nigeria Plc
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Financial risk factors continued

	GROUP	
	31-Dec-19	31-Dec-18
	N'000	N'000
The total impact on profit if Naira was to depreciate by 5% across currencies would be as follows:	38,952	5,022
The total impact on profit if Naira was to appreciate by 5% across currencies would be as follows:	(38,952)	(5,022)

Management considers a 5% shift in foreign currency exchange rate is appropriate to determine the sensitivity of Foreign currency denominated financial assets.

COMPANY

	31 December 2019				
	Naira	USD	GBP	Others	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Debt at amortised cost	-	1,991,907	-	-	1,991,907
Cash and short-term deposits	8,121,583	3,231	1,350	-	8,126,164
	8,121,583	1,995,138	1,350	-	10,118,071

Financial liabilities

Nil

	COMPANY	
	31-Dec-19	31-Dec-18
	N'000	N'000
The total impact on profit if Naira was to depreciate by 5% across currencies would be as follows:	35,886	2,077
The total impact on profit if Naira was to appreciate by 5% across currencies would be as follows:	(35,886)	(2,077)

Management considers a 5% shift in foreign currency exchange rate is appropriate to determine the sensitivity of foreign currency denominated financial assets.

(ii) Equity Price Risk

The Group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated financial position as equity instrument at fair value through other comprehensive income, these exposures are limited and as at 31 December 2019, there was no financial asset measured at fair value through profit or loss.

(iii) Commodity Price Risk

The Group is exposed to the commodity price risk of grains (maize, soya beans and wheat) due to seasonal trends and the availability of harvest produce. The Group does not hedge this risk. There are operational controls in place to monitor qualities and to ensure that adequate quantities are procured and stored in silos and warehouses in the harvest seasons for the gradual milling during the year. In case of local crop failure resulting in shortages, importation is undertaken.

(iv) Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The individual boards of each business unit within the group set their own borrowing limits under Group guidance. No formal Group limit policy exists at this stage.

Group treasury monitors interest rate and borrowing exposures and weighted averages for the entire Group on a monthly basis. This is analysed and reviewed by the Board on a quarterly basis.

	GROUP	
	31-Dec-19	31-Dec-18
	N'000	N'000
The total impact on profit or loss and equity if interest rates were to decrease by 500 basis points would be as follows:	92,529	225,040
The total impact on profit or loss and equity if interest rates were to increase by 500 basis points would be as follows:	(92,529)	(225,040)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes below. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Trade receivables					
	Days past due					Total
	Current	<90 days	90–180 days	180–360 days	>360 days	
	N'000	N'000	N'000	N'000	N'000	N'000
31-Dec-19						
Expected credit loss rate	7.17%	15.92%	33.69%	34.61%	72.55%	
Estimated total gross Carrying amount at default	1,428,246	13,688	91,529	159,115	1,433,778	3,126,356
Expected credit loss	102,424	2,179	30,835	55,068	1,040,265	1,230,771
31-Dec-18						
Expected credit loss rate						
Estimated total gross carrying amount at default	8.66%	22.21%	32.69%	13.38%	80.20%	
Expected credit loss	832,159	972,249	386,481	360,602	1,534,358	4,085,850
	72,039	215,961	126,340	48,266	1,230,602	1,693,208

Set out below is the movement in the allowance for expected credit losses of trade receivables:

In thousands of Naira	2019	2018
Balance as at 1 January – As restated	1,693,208	1,429,318
(Recovery from)/Allowance for receivables impairment	(181,754)	263,890
Assets held for sale	(280,683)	-
Balance at 31 December	1,230,771	1,693,208

Expected credit loss measurement - other financial assets

The Group applied the general approach in computing expected credit losses (ECL) for short-term deposits and other receivables. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in the Summary of significant accounting policies and in Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and units verify the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2018 and 31 December 2019.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

Key drivers	31 December 2019				
	Assigned Probabilities	ECL Scenario	Group/Company		
			2020	2021	2022
Oil Price %	10%	Upturn	56	57	57
	80%	Base	54	55	55
	10%	Downturn	51	53	53
Unemployment rate %	10%	Upturn	26	26	26
	80%	Base	34	34	34
	10%	Downturn	36	36	36
Inflation rate %	10%	Upturn	11	11	11
	80%	Base	12	12	12
	10%	Downturn	12	12	12

Key drivers	31 December 2018				
	Assigned Probabilities	ECL Scenario	Group/Company		
			2019	2020	2021
Oil Price %	10%	Upturn	54	56	57
	80%	Base	52	54	55
	10%	Downturn	50	51	53
Unemployment rate %	10%	Upturn	24	26	26
	80%	Base	32	34	34
	10%	Downturn	34	36	36
Inflation rate %	10%	Upturn	11	11	11
	80%	Base	12	12	12
	10%	Downturn	12	12	12

The following tables outline the impact of multiple scenarios on the allowance:

31-Dec-19

	Short-term deposits	Group Debt instrument at amortised cost (Note 17)	Total	Short-term deposits	Company InterCompany receivables	Debt instrument at amortised cost (Note 17)	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	5,281	2,564	7,846	5,240	16,925	2,564	22,164
Base (80%)	38,410	18,649	57,058	38,108	123,088	18,649	161,196
Downturn (10%)	4,321	2,098	6,419	4,287	13,847	2,098	18,135
Total	48,012	23,311	71,323	47,634	153,860	23,311	201,494

31-Dec-18

	Short-term deposits	Group Intercompany receivables	Loan receivables	Total	Short-term deposits	Company Intercompany receivables	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	6,075	107,589	1,121	114,785	3,927	12,258	16,185
Base (80%)	43,629	782,468	8,151	834,247	28,560	88,034	116,594
Downturn (10%)	5,523	88,028	917	94,467	3,213	11,144	14,357
Total	55,226	978,085	10,189	1,043,500	35,700	111,436	147,136

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market Management monitors rolling forecasts of the Group's liquidity reserve and cash and bank balances on the basis of expected cash flows.

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

At 31 December 2019	GROUP					Total
	On demand	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	
Borrowings	-	631,486	4,593,502	2,053,735	-	7,278,723
Lease liabilities	-	172,794	515,291	804,093	80,358	1,572,536
Trade and other payables	-	2,484,262	2,518,789	-	-	5,003,051
Refund liabilities	-	3,237	4,856	-	-	8,093
Dividend payable	5,517,803	-	-	-	-	5,517,803
	5,517,803	3,291,779	7,632,438	2,857,828	80,358	19,380,206

At 31 December 2018	GROUP					Total
	On demand	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	
Borrowings	-	-	24,491,670	5,035,702	-	29,527,372
Trade and other payables	-	6,843,729	-	-	-	6,843,729
Bank overdrafts	-	-	325,399	-	-	325,399
Refund liabilities	-	3,667	5,500	-	-	9,167
Dividend payable	5,375,416	-	-	-	-	5,375,416
	5,375,416	6,847,396	24,822,569	5,035,702	-	42,081,083

	COMPANY					Total
	On demand	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years	
At 31 December 2019						
Dividend payable	4,843,925	-	-	-	-	4,843,925
	4,843,925	-	-	-	-	4,843,925
At 31 December 2018						
Dividend payable	4,899,962	-	-	-	-	4,899,962
	4,899,962	-	-	-	-	4,899,962

The Company does not have any exposure to borrowings, lease liabilities, trade payables, etc

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as interest bearing debt capital divided by total equity. Interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated financial position). Total equity is calculated as 'equity' as shown in the consolidated statement of financial position including non controlling interest. The Group has a debt/equity threshold of 0.6 times.

	31-Dec-19	31-Dec-18
Interest bearing debt	6,446,520	24,172,361
Total equity	60,541,412	74,073,380
Total capital	66,987,932	98,245,741

Gearing ratio (%)

11

33

3.3 Fair value estimation

Financial instruments are normally held by the group until they close out in the normal course of business. Most of the fair values of the group's financial instruments approximate their carrying values. The maturity profile of short term liabilities fall due within 12 months. The maturity profile of long-term liabilities, are as disclosed in Note 3.1 (c) of these annual financial statements.

Short-term borrowings are measured at amortised cost using the effective interest rate method and the carrying amounts approximate the fair value. Fair valuation of borrowings was done using the income approach. This approach entails a calculation of the present value of expected future cash flows. The fair value hierarchy for borrowings is level 3 (*see below table*)

Due to their short term nature, there are no significant differences between the carrying values and the fair values of financial assets and liabilities, except for intra-group loans at company level which are eliminated on consolidation.

There are no significant differences between the carrying values and the fair values of financial assets and liabilities, except for intra-group loans at company level which are eliminated on consolidation.

The table below sets out the classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are given below:

Level 1: Quoted prices in active markets for identical assets or liabilities, for identical assets or liabilities that the Group can access at the measurement date

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Note 36 provides the fair value measurement hierarchy of the Group's assets and liabilities for the year ended 31 December 2019.

i) Assets measured at fair values

a) Investment properties

The valuation techniques used and key inputs to valuation of investment properties have been disclosed on Note 36.

Significant unobservable valuation input:

Price per square metre

N20,000 - N85,000

Significant increases/ (decreases) in estimated price per square meter in isolation would result in significantly higher/ (lower) fair value.

b) Equity instrument at fair value through Other Comprehensive Income

The valuation techniques used and key inputs to the fair value of equity instrument have been disclosed on Note 36.

ii) Liabilities for which fair values are disclosed

The fair value of unquoted loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method and by discounting at the relevant borrowing rate of each obligor as at the end of the reporting period. The own non-performance risk as at 31 December 2019 was assessed to be insignificant.

The following table presents the Group's financial assets and liabilities showing the carrying amount and the fair value:

GROUP

	31-Dec-19		31-Dec-18	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Equity held at fair value through OCI	28,771	28,771	47,729	47,729
	28,771	28,771	47,729	47,729
Liabilities				
Bank overdrafts and current portion of borrowings	4,595,937	4,247,604	19,671,568	18,669,223
Long term borrowings	1,850,583	1,237,531	4,500,793	3,965,884
	6,446,520	5,485,135	24,172,361	22,635,107

4 Significant judgements, estimates and assumptions

4.1 Significant estimates and sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Investment Property

The Group uses a combined approach of valuing investment properties using professionally qualified experts. For breakdowns of the properties valued using each of this refer to Note 13

Management makes use of a number of methods to assess the fair value of investment property:

- Open market value
- Direct market comparison approach
- Current replacement cost approach

For purposes of the fair value recognised in the financial statements the open market method is adopted. The Open market value method falls under the "market approach" as stipulated in IFRS 13

To obtain the open market value the following were considered:

- Market participants
- The property is freely exposed to the market
- A reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market
- No account is to be taken of an additional bid by a special purchaser

b) Estimates of useful lives and residual values

The estimates of useful lives and residual values of PPE impact the annual depreciation charge.

The useful lives and residual values are based on management experience and the condition of the assets. Consideration is given to management's intended usage policy for the assets in the future and potential market prices of similar assets.

c) Impairment Testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use and fair value less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact estimations and may require a material adjustment to the carrying value of intangible and tangible assets.

The Group reviews and tests the carrying value of assets when events of changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared for expected future cash flows for each group of assets. Expected future cashflows used to determine the value-in-use of intangible and tangible assets are inherently uncertain and could materially change over time.

d) Provisions

Provisions were raised and management determined a best estimate of amount based on the information available. Best estimates, being the amount that the Group would rationally pay to settle the obligation, are recognised as provisions at the reporting date. Risks, uncertainties and future events, such as changes in law and technology, are taken into account by management in determining the best estimates. Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management estimation.

The Group is required to record provisions for legal or constructive contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is, however, unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

e) Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

(f) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Measurement of the expected credit loss allowance for financial asset

The measurement of the expected credit loss allowance for financial assets measured at amortised cost (due from related companies) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1 (b), which also sets out key sensitivities of the ECL to changes in these elements.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Revenue recognition

Sale of constructed properties require detailed judgements. Each transaction is assessed to determine under IFRIC 15 whether revenue should be recognised when the significant risks and rewards pass to the buyer or over time as construction takes place. All of the projects in the periods presented were identified as being the sale of goods and therefore revenue was only recognised when the significant risks and rewards had passed.

The significant risks and rewards were identified as having passed when the buyer had taken possession or control of the properties. Transfer of legal title in the market is time consuming and is seen only as an administrative step and not as a pre-requisite for revenue recognition.

Investment in associate

In June 2013, the company issued a Real Estate Investment Trust (REIT) of 3,000,000,000 units of N10 each which is listed on the stock exchange.

The company's planned subscription rate of the REIT was 40% and 60% to UPDC and the general public respectively. The REIT closed at a value of N26.7billion, with UPDC holding 62.4% while other investors held 37.6%.

The REIT is governed by a Trust Deed, administered by UBA Trustees Limited and First Trustees Limited. The documents of title to the properties are held by the Custodians, UBA Global Services Limited. The Fund is managed by FSDH Asset Management Limited (FSDH AM) while UPDC is the Property Manager.

Although the company has more than 50% investment in the REIT, it was not consolidated as a subsidiary because the company does not control the REIT. Control is exercised by the Investment Committee and comprise:

FSDH Asset Management Limited (Fund Managers)	- 2
UPDC (Sponsor of REIT & Property Manager)	- 2
UBA Trustees (Joint Trustees)	- 1
First Trustees (Joint Trustees)	- 1
Independent (Shareholders) of the REIT	- 3

Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management has considered the existing and anticipated effects of the coronavirus outbreak on its activities in its assessment and we are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Assets held for sale

The Board of Directors took the following decisions in respect of its investments in subsidiaries:

- 1) UPDC: Unbundling of UACN's investments in UPDC to shareholders of UACN;
- 2) MDS Logistics: Divestment of control in MDS by selling 8% of stake to Imperial Capital Limited (ICL). Consequent to the sale, UACN will own 43% of MDS.
- 3) UNICO: Voluntary winding up of UNICO PFA which commenced in 2018. The company is thus in liquidation.

The Board considered the subsidiary to meet the criteria to be classified as held for sale at the reporting date for the following reasons:

- There are available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage
- Respective Board approvals have been obtained for above entities

5. Segment Analysis

The Group

The chief operating decision-maker has been identified as the Executive Committee (Exco), made up of the management of the company. The Exco reviews the Group's internal reporting in order to assess performance and allocate resources.

Management has determined the operating segments based on these reports.

The Group has identified the following as segments:

Animal Feeds & Other Edibles- Made up of business units involved in the manufacturing and sale of livestock feeds and edible oil.

Paints - Made up of business units involved in the manufacturing and sale of paints products and other decoratives.

Packaged Food & Beverages - Made up of a business unit involved in the manufacturing and sale of bottled water, snacks and ice-cream.

QSR (Quick Service Restaurants) - Made up of a business unit involved in the making and sale of food items.

Logistics - Made up of a business unit involved in rendering logistics and supply chain services including warehousing, transportation and redistribution services.

Real Estate - Made up of a business unit involved in real estate development, management and owners of Festival Hotel, Festac, Lagos.

Others - This is a non-reportable segments made up of corporate head office.

The following measures are reviewed by Exco; with **Profit Before Tax** taken as the segment profit.

- Revenue to third parties
- Operating profit
- Profit before tax
- Property, plant and equipment
- Net assets

	Animal Feeds & Other Edibles N' 000	Paints N' 000	Packaged Food & Beverages N' 000	QSR N' 000	Logistics N' 000	Real Estate N' 000	Others N' 000	Total N' 000
31 December 2019								
Revenue from contract with customers	51,817,552	11,020,828	17,545,286	1,501,354	-	-	516,721	82,401,741
Rental income	-	-	-	-	-	-	242,040	242,040
Total Revenue	51,817,552	11,020,828	17,545,286	1,501,354	-	-	758,761	82,643,781
Intergroup revenue	(2,897,476)	(16,264)	(7,434)	-	-	-	(520,466)	(3,441,640)
Revenue to third parties	48,920,076	11,004,564	17,537,852	1,501,354	-	-	238,295	79,202,140
Operating profit/(loss)	1,771,404	2,239,649	1,193,667	(36,586)	-	-	498,280	5,666,414
Profit/(loss) before tax	989,744	2,672,930	1,561,487	(75,209)	-	-	2,307,308	7,456,259
Profit/(Loss) after tax for the year from discontinued operations	-	-	-	-	342,782	(14,997,508)	52,997	(14,601,729)
Property, plant and equipment	12,911,315	1,722,156	3,273,295	313,936	-	-	698,885	18,919,587
Net assets	17,138,988	4,103,888	6,548,079	339,146	4,660,895	2,171,833	25,578,583	60,541,412

	Animal Feeds & Other Edibles N' 000	Paints N' 000	Packaged Food & Beverages N' 000	QSR N' 000	Logistics N' 000	Real Estate N' 000	Others N' 000	Total N' 000
31 December 2018								
Revenue from contract with customers	44,571,248	10,593,796	16,202,326	1,277,917	-	-	467,349	73,112,636
Rental income	-	-	-	-	-	-	213,889	213,889
Total Revenue	44,571,248	10,593,796	16,202,326	1,277,917		-	681,238	73,326,526
Intergroup revenue	(1,761,781)	(2,905)	(335,019)	-	(258,954)	-	(494,227)	(2,852,886)
Revenue to third parties	42,809,467	10,590,891	15,867,307	1,277,917	(258,954)	-	187,012	70,473,640
Operating profit/(loss)	1,166,547	2,596,873	885,208	54,247	-	-	(782,237)	3,920,638
Profit / (Loss) before tax	37,408	2,903,931	1,361,871	59,236	-	-	1,713,108	6,075,554
Profit / (Loss) after tax for the year from discontinued operations	-	-	-	-	821,726	(14,624,476)	35,408	(13,767,342)
Property, plant and equipment	13,136,516	1,633,301	2,667,510	240,995	3,384,716	46,972	585,205	21,695,214
Net assets	16,922,128	4,344,483	6,107,077	376,451	5,089,114	18,047,178	23,186,948	74,073,380

Included in the net assets of animal feeds and paint segments above, are the carrying amounts of goodwill for Livestock Feeds and Portland Paints Plc amounting to ₦209.7 million and ₦339 million respectively - see Note 12

UAC of Nigeria Plc
Notes to the audited consolidated and separate financial statements
for the Year ended 31 December 2019

Entity wide information

	31 Dec 19	31 Dec 18
	N'000	Restated N'000
Analysis of revenue by category:		
Revenue from contract with customers	78,960,100	70,259,751
Rental income	242,040	213,889
	79,202,140	70,473,640
	31 Dec 19	31 Dec 18
	N'000	Restated N'000
Analysis of revenue by geographical location:		
Nigeria	79,202,140	70,473,640
Others	-	-
	79,202,140	70,473,640

Concentration risk

The Group is not exposed to any concentration risk, as there is no single customer with a contribution to revenue of more than 10%.

Disaggregated Revenue
Group

Segments	For the period 31 December 2019							
	Animal Feeds	Paint	Packaged Food	QSR	Logistics	Real Estate	Others	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue from contracts with customers								
Sale of goods	48,920,076	11,004,564	17,537,852	1,501,354	-	-	-	78,963,846
Rendering of service	-	-	-	-	-	-	238,295	238,295
	=====	=====	=====	=====	=====	=====	=====	=====
Total	48,920,076	11,004,564	17,537,852	1,501,354	-	-	238,295	79,202,140
	=====	=====	=====	=====	=====	=====	=====	=====
Geographical Markets								
Nigeria	48,920,076	11,004,564	17,537,852	1,501,354	-	-	238,295	79,202,140
Outside Nigeria	-	-	-	-	-	-	-	-
	=====	=====	=====	=====	=====	=====	=====	=====
Total	48,920,076	11,004,564	17,537,852	1,501,354	-	-	238,295	79,202,140
	=====	=====	=====	=====	=====	=====	=====	=====
Timing of revenue								
Goods transferred at a point in time	48,920,076	11,004,564	17,537,852	1,501,354	-	-	-	78,963,846
Services transferred over time	-	-	-	-	-	-	238,295	238,295
	=====	=====	=====	=====	=====	=====	=====	=====
Total	48,920,076	11,004,564	17,537,852	1,501,354	-	-	238,295	79,202,140
	=====	=====	=====	=====	=====	=====	=====	=====

5 (i) Other operating income

	The Group		The Company	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	N' 000	N' 000	N' 000	N' 000
Profit on sales of Property, Plant and Equipment	79,129	19,991	7,566	1,341
Profit on sales of Investment Property	631,286	15,352	631,286	15,352
Profit on sales of financial assets	-	1,591	-	-
Net fair value Gain on investment properties	-	-	-	51,939
Realisation on WSWN liquidation	419,808	-	295,863	-
Government grant	9,314	9,226	-	-
Commission fees from property sold*	552	-	-	-
Write back of statute barred unclaimed dividend	206,342	149,445	206,342	149,445
Expected credit loss reversal	181,754	-	-	-
Gain on disposal of Warm Spring Nigeria Limited	-	-	-	-
Other income**	827,776	978,011	535,033	219,043
Total other operating income	2,355,961	1,173,616	1,676,090	437,121

****Other income**

Other income includes service charges and income from professional services, insurance claims, sale of scraps etc.

5 (ii) Other operating losses

	The Group		The Company	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	N'000	N'000	N'000	N'000
Net fair value loss on investment properties	219,617	589,936	219,617	-
Expected credit loss on intercompany balances	-	-	42,424	-
Expected credit loss on short term deposit and debt securities	15,818	-	15,818	-
Fair value loss on investment in UPDC	-	-	3,184,709	-
Impairment (loss)/gain on financial assets	56,788	-	-	-
Loss on disposal of financial instrument	-	15,198	-	-
Other losses	5,000	-	2	-
Total other operating losses	297,223	605,135	3,462,569	-

Other losses in 2018 relate to UPDC and have been reclassified under discontinued operations for the Group

6 (a) Expenses by Nature

	The Group		The Company	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	N' 000	N' 000	N' 000	N' 000
Changes in inventories of finished goods and work in progress	57,130,732	50,102,585	-	-
Write off of inventories to net realisable value	50,681	214,154	-	-
Personnel expenses	7,571,595	7,259,346	858,000	891,714
Depreciation charge on property, plant and equipment	1,836,774	2,154,244	145,568	142,073
Depreciation charge on right-of-use asset	515,051	-	-	-
Amortisation of intangibles	89,192	125,508	12,465	15,554
Impairment of property, plant and equipment	137,732	323,053	-	-
Write off of property plant and equipment	1,779	104,928	-	-
Allowance for /(recovery from) receivables impairment	-	263,890	-	-
Credit loss expenses	-	(552,574)	-	(15,344)
Royalty fees	109,908	139,827	-	-
Rents & Rates	381,843	374,278	21,993	26,593
Electricity & power	2,159,581	2,036,150	38,328	46,662
Vehicles repairs, maintenance & fueling	285,336	225,282	5,134	5,860
Other repairs & maintenance	1,118,278	1,011,483	44,324	46,282
Auditors' remuneration	142,899	144,944	25,961	25,961
Information technology charge	279,135	366,933	29,439	29,357
Legal expenses	154,223	121,954	5,990	1,811
Exchange loss	-	382	-	-
Donations & Subscriptions	42,090	60,574	18,207	20,985
Insurance	163,249	124,311	20,552	15,543
Distribution expenses	2,385,557	1,718,203	-	-
Marketing, Advertising & Communication	820,580	635,658	15,259	21,633
Sundry office expenses	224,692	166,772	694,809	612,336
Total	75,600,906	67,121,883	1,936,029	1,887,019

6 (b) Expenses by Function

Analysed as:

Cost of sales	62,575,242	57,230,823	-	-
Selling and distribution expenses	6,453,097	4,640,835	-	-
Administrative expenses	6,572,567	5,250,225	1,936,029	1,887,019
Total	75,600,906	67,121,883	1,936,029	1,887,019

Personnel expenses include:

Wages, salaries and other short term benefits for staff and managers	6,551,962	6,300,804	582,542	644,102
Directors' emoluments	699,001	549,518	203,140	163,192
Defined contribution plans	320,632	409,023	72,318	84,419
Total	7,571,595	7,259,346	858,000	891,714

6 (c). Particulars of directors and staff

(i) The group has in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	The Group		The Company	
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
Costs				
Key management personnel:				
Wages, salaries and other short term benefits	840,291	711,309	278,692	361,234
Directors' emoluments				
- Executive Directors	499,592	351,784	124,466	86,895
- Non-Executive Directors	199,409	197,734	78,674	76,297
	699,001	549,518	203,140	163,192
Post employment benefits:				
- Defined contribution plans	320,632	409,023	72,318	84,419
Total for key management personnel	1,859,924	1,669,850	554,150	608,845
Other management personnel	3,744,757	2,777,452	35,282	231,689
Staff	1,966,914	2,812,044	268,568	51,179
Total	7,571,595	7,259,346	858,000	891,714

	The Group	
	2019	2018
	Number	Number
Numbers		
Key management personnel	26	20
Other management personnel	445	584
Staff	1,015	1,233
Total	1,486	1,837
	N' 000	N' 000
Average cost per staff	5,095	3,952

(ii) The table below shows the number of employees (excluding directors), who earned over =N=100,000 as emoluments in the year and were within the bands stated.

	The Group	
	2019	2018
	Number	Number
=N=		
300,001 - 500,000	34	36
500,001 - 700,000	20	21
700,001 - 900,000	17	18
900,001 - 1,100,000	80	97
1,100,001 - 1,300,000	76	73
1,300,001 - 1,500,000	90	99
1,500,001 and Above	1,169	1,493
	1,486	1,837

	The Company	
	2019	2018
	N' 000	N' 000
(iii) Emoluments of directors		
Fees	5,600	5,600
Other emoluments	197,540	157,592
	203,140	163,192
(iv) The Chairman's emolument.	19,534	19,917
(v) Emolument of the highest paid Director.	127,599	40,852

(vi) The table below shows the number of directors of the company, whose remuneration, excluding pension contributions, fell within the bands shown.

	The Company	
	2019	2018
	Number	Number
=N=		
100,001 - 15,000,000	6	6
15,000,001 and above	4	4

7. Net finance income/(cost)

	The Group		The Company	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	N' 000	N' 000	N' 000	N' 000
Interest income on short-term bank deposits	2,775,773	2,765,977	2,641,095	2,917,806
Interest income on finance lease assets	5,247	-	-	-
Finance Income	2,781,020	2,765,977	2,641,095	2,917,806
Interest on bank loans	806,022	610,661	-	-
Interest expense on lease liability	185,152	-	-	-
Finance Costs	991,174	610,661	-	-
Net finance income	1,789,846	2,155,316	2,641,095	2,917,806

8. Taxation

	The Group		The Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
<i>Current tax</i>				
Nigeria corporation tax charge for the year	1,779,910	1,909,593	408,115	587,885
Education tax	124,507	203,859	29,379	66,420
Capital gains tax	101,129	57,897	101,129	11,770
Trust Levy	127	-	-	-
Minimum Tax	6,957	157,580	-	-
Total current tax charge	2,012,630	2,328,929	538,623	666,074
<i>Deferred tax</i>				
Temporary differences, origination and reversal	98,313	(490,572)	(49,023)	(79,194)
Total deferred tax	98,313	(490,572)	(49,023)	(79,194)
Income tax expense	2,110,943	1,838,357	489,599	586,880

Nigeria corporation tax is calculated at 30% (2018: 30%) of the taxable profit for the period and education tax is calculated at 2% (2018: 2%) of assessable profit.

The tax charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	The Group		The Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
Profit before tax	7,456,259	6,075,554	1,973,745	4,195,547
Tax at the Nigeria corporation tax rate of 30% (2018: 30%)	2,136,809	2,185,548	592,124	905,218
Education tax	165,324	203,859	29,379	66,420
Capital gains tax	101,129	57,897	101,129	11,770
Tax effect of disallowable expenses	1,280,264	189,112	1,118,098	49,809
Tax effect of Exempt income	(1,479,025)	(624,918)	(1,252,668)	(402,301)
Adjustment of opening balance -IFRS 9	-	(336,226)	-	(44,035)
Permanent differences	(132,107)	5,505	(98,462)	-
Effect of unrecognised tax credit	61,472	-	-	-
Investment allowance	(22,924)	-	-	-
Minimum tax adjustment	-	157,580	-	-
Tax charge for the year	2,110,943	1,838,357	489,599	586,880

Reconciliation of the tax payable account

	The Group		The Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
Opening balance	6,327,649	5,294,393	2,655,269	2,419,014
Reclassified to assets held for sales**	(1,999,843)	(547,053)	-	-
Income tax expense	2,012,630	2,328,929	538,623	666,074
Write back of over-provision	(89,801)	1,625,491	8,610	-
Withholding tax credit notes utilised	(188,845)	(358,857)	(188,845)	(101,262)
Payment during the year	(1,550,854)	(2,015,254)	(29,472)	(328,557)
	4,510,936	6,327,649	2,984,185	2,655,269

** This adjustment derecognises the income tax payable portion for discontinued operations (UPDC: N1,531 million; MDS: N469 million) carried forward from the prior year.

9. Dividend

	The Company	
	2019	2018
	N'000	N' 000
Amounts recognised as distribution to ordinary shareholders in the year comprise:		
Final dividend for the year ended 31 December 2018 paid in 2019 (2018: Final 2017 dividend paid in 2018)	1,844,029	1,872,843
Number of shares (000)	2,881,296	2,881,296
Dividends per share (kobo per share)	64	65

10. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	The Group		The Company	
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
Profit attributable to ordinary equity shareholders:				
Profit from continuing operations	5,345,316	4,237,197	1,484,147	3,608,666
Profit/(loss) from discontinued operations	(14,601,729)	(13,767,342)	-	-
Profit/(loss) for the period	(9,256,413)	(9,530,145)	1,484,147	3,608,666

Basic earnings per share

Diluted earnings per share

	2019	2018	2019	2018
	Number	Number	Number	Number
From continuing operations	132	96	52	140
From discontinued operations	(315)	(304)	-	-
From profit for the period	(183)	(209)	52	140

	The Company	
	2019	2018
	Number	Number
Basic weighted average and Diluted weighted average number of shares (000)	2,881,296	2,881,296

(b) Diluted

Diluted earnings per share is the same as basic earnings per share because there is no potential ordinary shares during the period.

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11. Property, plant and equipment

The Group

Cost:	Leasehold land and buildings	Plant and Machinery	Computer Equipment	Motor Vehicles	Office Furniture	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2018	12,027,878	17,922,372	1,301,847	3,253,353	1,104,325	465,432	36,075,208
Additions	172,641	1,879,243	80,436	446,477	125,574	221,314	2,925,684
Disposals	-	(221,959)	(22,919)	(308,600)	(7,545)	0	(561,023)
Transfers	12,724.00	298,944.00	5,917.00	1,205	767	(319,557)	0
Write Off	-	(601,494)	(6,076)	(38,329)	(554)	(4,206)	(650,659)
Reclassifications	-	37,114	(365)	17,850	452	(55,051)	0
At 31 December 2018	12,213,243	19,314,220	1,358,839	3,371,956	1,223,020	307,932	37,789,210
At 1 January 2019	12,213,243	19,314,220	1,358,839	3,371,956	1,223,020	307,932	37,789,210
Additions	284,552	1,222,439	96,861	608,661	106,803	391,159	2,710,474
Disposals	-	(746,164)	(33,532)	(191,690)	(13,501)	(6,038)	(990,925)
Write Off*	-	(683)	-	-	-	(1,096)	(1,779)
Reclassifications	30,133	42,604	2,946	13,458	20,282	(145,635)	(36,212)
Other reclassifications	-	3	-	-	-	36,209	36,212
Assets held for sale	(3,736,730)	(555,674)	(196,744)	(1,380,100)	(465,102)	5,594	(6,328,756)
At 31 December 2019	8,791,199	19,276,743	1,228,370	2,422,286	871,501	588,125	33,178,225
Accumulated depreciation and impairment							
At 1 January 2018	2,338,735	8,411,934	956,261	2,032,452	894,092	12,000	14,645,474
Charge for the year	292,832	1,316,952	136,102	305,131	103,227	-	2,154,244
Impairment charge	-	323,053.00	-	-	-	-	323,053
Disposals	-	(196,379)	(20,898)	(260,185)	(5,583)	-	(483,044)
Transfers	-	-	0	0	-	-	-
Write Off	-	(530,316)	(1,065)	(13,797)	(554)	-	(545,731)
Reclassifications	-	17,000	-	(17,000)	-	-	-
At 31 December 2018	2,631,567	9,342,245	1,070,400	2,046,602	991,183	12,000	16,093,996
At 1 January 2019	2,631,567	9,342,245	1,070,400	2,046,602	991,183	12,000	16,093,996
Charge for the year	196,560	1,163,289	129,047	275,684	72,193	-	1,836,774
Impairment charge	137,287	444	-	-	-	-	137,732
Disposals	-	(741,603)	(27,448)	(132,951)	(10,794)	-	(912,797)
Assets held for sale	(1,077,520)	(418,659)	(169,015)	(840,151)	(391,723)	-	(2,897,068)
At 31 December 2019	1,887,895	9,345,714	1,002,984	1,349,184	660,859	12,000	14,258,637
Net book values:							
At 31 December 2019	6,903,304	9,931,029	225,386	1,073,102	210,642	576,125	18,919,587
At 31 December 2018	9,581,676	9,971,976	288,439	1,325,354	231,837	295,932	21,695,214

*Assets written off include fully depreciated assets no longer in use and damaged assets identified during the period.

**Other reclassifications are assets that were transferred to/from PPE, to/from Intangible asset and Investment properties due to change in the use. Also, cost relating to SAP ERP implementation accumulated in PPE was transferred to intangible asset during the period.

The non-current assets are not pledged as security by the Group.

11. Property, plant and equipment

The Company

Cost:	Leasehold land and buildings	Plant and Machinery	Computer Equipment	Motor Vehicles	Office Furniture	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2018	576,320	252,823	420,444	161,506	50,253	-	1,461,346
Additions	4,124	24,490	14,506	182,059	18,559	-	243,738
Disposals	-	(7,432)	(6,415)	(95,285)	(1,885)	-	(111,017)
Transfers	-	-	(899)	(25,000)	-	-	(25,899)
Write Off	-	-	(278)	-	-	-	(278)
At 31 December 2018	580,444	269,881	427,357	223,280	66,927	-	1,567,889
At 1 January 2019	580,444	269,881	427,357	223,280	66,927	-	1,567,889
Additions	10,452	10,523	14,156	133,345	6,695	1,712	176,883
Disposals	-	-	(2,074)	(102,541)	-	-	(104,615)
Adjustments	26,477	(5,939)	(15,650)	-	(5,303)	-	(416)
At 31 December 2019	617,374	274,465	423,789	254,084	68,319	1,712	1,639,741
Accumulated depreciation and impairment							
At 1 January 2018	163,786	183,943	320,982	94,070	38,211	-	800,993
Charge for the year	15,985	30,523	49,391	41,746	4,426	-	142,073
Disposals	-	(7,427)	(5,509)	(74,742)	(544)	-	(88,223)
Transfers	-	-	(343)	(469)	-	-	(813)
Write Off	-	-	(255)	-	-	-	(255)
At 31 December 2018	179,771	207,039	364,266	60,605	42,093	-	853,774
At 1 January 2019	179,771	207,039	364,266	60,605	42,093	-	853,774
Charge for the year	17,050	25,824	40,484	53,418	8,792	-	145,568
Disposals	-	-	(1,495)	(56,796)	-	-	(58,291)
Adjustments	19,190	(4,804)	(10,431)	-	(4,366)	-	(412)
At 31 December 2019	216,011	228,059	392,824	57,227	46,519	-	940,640
Net book values:							
At 31 December 2019	401,363	46,406	30,965	196,856	21,800	1,712	699,102
At 31 December 2018	400,673	62,842	63,091	162,675	24,834	-	714,112

*Assets written off include fully depreciated assets no longer in use and damaged assets identified during the period.

**Other reclassifications are assets that were transferred to/from PPE, to/from Intangible asset and Investment properties due to change in the use. Also, cost relating to SAP ERP implementation accumulated in PPE was transferred to

No borrowing cost was capitalised during the year

The non-current assets are not pledged as security by the Group.

12. Intangible assets and goodwill

	Group				Company			
	Goodwill	Brands & Trade Marks	Software	Capital Work in progress	Total	Software	Capital Work in progress	Total
Cost	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
At 1 January 2018	548,747	1,070,185	1,158,213	-	2,777,145	185,617	-	185,617
Additions - externally acquired during the year	-	-	28,492	4,620	33,112	2,410	4,620	7,030
Transfer	-	-	(666)	-	(666)	-	-	-
At 31 December 2018	548,747	1,070,185	1,186,039	4,620	2,809,592	188,027	4,620	192,647
At 1 January 2019	548,747	1,070,185	1,186,039	4,620	2,809,592	188,027	4,620	192,647
Additions - externally acquired during the year	-	-	14,847	-	14,847	945	-	945
Assets of disposal group held for sale/distribution - Note 34	-	-	(364,736)	-	(364,736)	-	-	-
At 31 December 2019	548,747	1,070,185	836,150	4,620	2,459,703	188,972	4,620	193,592
Accumulated amortisation and impairment								
At 1 January 2018	-	288,439	882,683	-	1,171,123	155,370	-	155,370
Amortisation for the year	-	-	125,508	-	125,508	15,554	-	15,554
Impairment charge	-	-	(12,694)	-	(12,694)	-	-	-
At 31 December 2018	-	288,439	995,497	-	1,283,937	170,925	-	170,925
At 1 January 2019	-	288,439	995,497	-	1,283,937	170,925	-	170,925
Amortisation for the period	-	-	89,192	-	89,192	12,465	-	12,465
Assets of disposal group held for sale/distribution - Note 34	-	-	(331,029)	-	(331,029)	-	-	-
At 31 December 2019	-	288,439	753,661	-	1,042,100	183,389	-	183,389
Net book values								
At 31 December 2019	548,747	781,746	82,490	4,620	1,417,604	5,583	4,620	10,203
At 31 December 2018	548,747	781,746	190,542	4,620	1,525,655	17,102	4,620	21,722

Impairment Test for Goodwill

Goodwill acquired through business combination is allocated to each of the Cash-Generating Unit (CGU) that are expected to benefit from the synergies of the combination. For the purpose of allocation, the individual entities were regarded as single cash generating unit.

The following is a summary of goodwill allocation for each operating segment:

	Opening	Addition	Disposal	Impairment	Other Adjustments	Closing
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
2019						
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
	548,747	-	-	-	-	548,747
	Opening	Addition	Disposal	Impairment	Other Adjustments	Closing
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
2018						
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
	548,747	-	-	-	-	548,747

Animal Feeds CGU under Livestock Feeds

The recoverable amount of Animal Feeds which is the only segment under Livestock Feeds CGU is ₦2.3 billion as at 31 December 2019, it has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of Directors of Livestock Feeds PLC covering a five-year period. The weighted average after-tax discount rate applied to cash flow projections is weighted average cost of capital (WACC) 12.2% on account of utilisation of debt (44% of capital) at a weighted cost of 9%. The equity discount rate was estimated using the Capital Asset pricing model (CAPM) based on industry equity risk premium, unlevered beta and the Nigerian risk free rate. The revenue growth rate used in the cash flow projection is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use exceeds the carrying value of the CGU of ₦2.2 billion. As a result of this analysis, management has concluded that there was no impairment charged as at 31 December 2019.

Paints CGU under Portland Paints

The recoverable amount of Paints which is the only segment under Portland Paints CGU is ₦4.5 billion as at 31 December 2019, it has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of Directors of Portland Paints PLC covering a five-year period. The weighted average after-tax discount rate applied to cash flow projections is 24.3% on account of the capital structure which consists 100% equity. The discount rate was estimated using the Capital Asset pricing model (CAPM) based on industry equity risk premium, unlevered beta and the Nigerian risk free rate. The revenue growth rate used in the cash flow projection is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use exceeds the carrying value of the CGU of ₦1.9 billion. As a result of this analysis, management has concluded that there was no impairment charged as at 31 December 2019.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for Livestock Feeds and Portland Paints CGUs is most sensitive to the following assumptions:

- Gross margin growth rates
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross Margin growth rates - Gross margins growth rates are based on expected efficiency gains resulting from working capital and procurement management; and improved manufacturing processes following plant upgrades at both entities. The forecast Free cash flow growth rates amounted to Compound Annual Growth Rates (CAGR) of 1.5% and 12% for Livestock Feeds and Portland Paints respectively.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates used to extrapolate cash flows beyond the forecast period - For cash flows from year five (5), a terminal growth rate of 2.3%, in line with Nigeria's estimated GDP growth rate for 2019 has been assumed. The effect of new entrants is not expected to have an adverse impact on the forecasts. The underlying assumption is that long term growth rates are mean-reverting and in the long-run, will revert to the average GDP growth rate. The WACC takes into account cost of equity. The cost of equity is derived from the expected return on investment by the Company's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Other Intangible Assets - Software represents the Group's investment in license and technical agreement for its accounting and operations software. It is being amortised to the income statement over a period of five years, in accordance with the Group's policy.

The Group acquired trademark of ₦49 million through its business combination with Portland Paints. Portland Paints purchased the trademark from Blue Circle Industries Plc for the company's decorative paints' business. The intangible asset has been adjudged to have an indefinite life span. It was tested for impairment on 1st December and no impairment was deemed required.

13 . Investment property

	The Group			The Company		
	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
Fair value						
At 1 January 2018	840,735	12,645,302	13,486,037	-	2,758,650	2,758,650
Additions during the year	-	2,559	2,559	-	2,559	2,559
Reclassification from property stocks held as inventories (Note 19)	140,000	-	140,000	-	-	-
Disposals	(297,000)	(4,912,997)	(5,209,997)	-	(118,497)	(118,497)
Impairment of investment properties	-	(632,000)	(632,000)	-	-	-
Net gain from fair value adjustments on investment property	6,300	(596,236)	(589,936)	-	51,939	51,939
			-	-		-
At 31 December 2018	690,035	6,506,628	7,196,663	-	2,694,651	2,694,651
At 1 January 2019	690,035	6,506,628	7,196,663	-	2,694,651	2,694,651
Additions during the period	-	1,590	1,590	-	1,590	1,590
Reclassification from property stocks held as inventories	-	-	-	-	0	0
Disposals	-	(380,000)	(380,000)	-	(380,000)	(380,000)
Impairment of investment properties	-	(219,617)	(219,617)	-	(219,617)	(219,617)
Assets of disposal group held for sale/distribution (Note 34)	(272,300)	(3,926,000)	(4,198,300)	-	-	-
At 31 December 2019	417,735	1,982,601	2,400,336	-	2,096,624	2,096,624

Fair value of investment properties is categorised as follows:

	The Group			The Company		
	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
31-Dec-19						
Internal valuation	-	-	-	-	-	-
External valuation	417,735	1,982,601	2,400,336	-	2,096,624	2,096,624
	417,735	1,982,601	2,400,336	-	2,096,624	2,096,624

Fair value of investment properties is categorised as follows:

	The Group			The Company		
	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
31-Dec-18						
Internal valuation	-	-	-	-	-	-
External valuation	690,035	6,506,628	7,196,663	-	2,694,651	2,694,651
	690,035	6,506,628	7,196,663	-	2,694,651	2,694,651

Significant unobservable valuation input (Fair value hierarchy - Level 3):

Price per square metre

N20,000 - N85,000

Significant increases/ (decreases) in estimated price per square meter in isolation would result in significantly higher/ (lower) fair value.

The Group's investment properties were revalued at 31 December 2019 by an independent professionally qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and categories of the investment properties valued. The latest valuation was performed by the external Surveyor- Messrs Steve Akhigbemidu & Co. (FRC/2013/NIESV/000000001442).

Internal and inter-group valuation are performed by UAC Property Development Company Plc which has employees that hold recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties valued.

	The Group		The Company	
	31 Dec 19 N' 000	31 Dec 18 N' 000	31 Dec 19 N' 000	31 Dec 18 N' 000
Rental income schedule				
Rental income derived from investment properties	242,040	309,862	242,040	75,508
Direct operating expenses (including repairs and maintenance) on investment property generating	(3,476)	(65,039)	(3,476)	(11,326)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-	-	-
Profit arising from investment properties carried at fair value	238,564	244,823	238,564	64,182

The above rental income was included in the revenue

Group and Company as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and residential buildings. These leases have terms of between 6 months to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group during the year is N252,024,000 (2018: N309,862,000)

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows :

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
0-1 year	159,646	308,687	159,646	99,558
1-5 years	-	479,137	-	474,767
Above 5 years	-	-	-	-
Total	159,646	787,824	159,646	574,325

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Significant deviations from FY 2018 results on account of reclassification of UPDC as disposal group

14. Investments in subsidiaries

Company

	31 Dec 19	31 Dec 18
	N' 000	N' 000
Opening balance	21,207,536	15,815,152
Additions - Acquisitions in Subsidiaries	69,360	5,392,384
Impairment of Investments in UACN Property Development Company Plc	(3,184,709)	-
Net assets held for sale - UACN Property Development Company Plc	(1,667,188)	-
Net assets held for sale - MDS Logistics	(1,861,233)	-
Closing Balance	14,563,767	21,207,536

	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	N' 000	N' 000	% ownership	% ownership
Quoted shares:				
<i>Chemical and Allied Products Plc</i> 361,034,361 ordinary shares of 50k each	494,684	494,684	51.58	51.58
<i>UACN Property Development Company Plc</i> 1,667,187,500 ordinary shares of 50k each	-	4,851,897	64.16	64.16
<i>Livestock Feeds Plc</i> 2,198,745,272 ordinary shares of 50k each	2,246,401	2,246,401	73.00	73.00
<i>Portland Paints Plc</i> 677,093,500 ordinary shares of 50k each	1,938,283	1,938,283	85.50	85.50
Unquoted shares:				
<i>Grand Cereals Limited</i> 1,360,081,786 ordinary shares of N1 each	7,259,495	7,259,495	71.00	71.00
<i>UAC Foods Limited</i> 102,000,000 ordinary shares of 50k each	2,414,414	2,414,414	51.00	51.00
<i>MDS Logistics Ltd*</i> 51,000,000 ordinary shares of 50k each	-	1,861,233	51.00	51.00
<i>UAC Restaurants Limited</i> 139,230,000 ordinary shares of 50k each	210,489	141,130	51.00	51.00
	14,563,767	21,207,536		

Partial disposal of MDS Logistics Ltd*

On 23 July 2019, UACN signed an agreement with IMI, Imperial Capital Limited (ICL), Imperial Logistics Limited (ILL) and Imperial Managed Solutions West Africa Limited (IMS West Africa Limited) for the sale of 8% of its 51% shareholding in MDS to ICL. Subsequently, necessary regulatory approvals were obtained and transaction was completed on 01 January 2020.
Refer to Note 34 for additional details

Investments in subsidiaries are measured at cost

	2019	2018	The Company	% Shareholding
14(i) Non-Current Assets Held for Sale	N' 000	N' 000	2019	2018
<i>UNICO CPFA Limited</i> 130,005,000 ordinary shares of N1 each	130,000	130,000	86.67	86.67
<i>UACN Property Development Company Plc</i> 1,667,187,500 ordinary shares of 50k each	1,667,188	-	64.16	64.16
<i>MDS Logistics Ltd*</i> 51,000,000 ordinary shares of 50k each	1,861,233	-	51.00	51.00
	3,658,420	130,000		

15. Equity instrument at fair value through other comprehensive income

The details and carrying amount of available for sale financial assets are as follows:

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
Opening Balance as at 1 January	47,729	26,199	30,000	1,001
Fair value gain on available-for-sale financial assets	-	36,728	-	28,999
Impairment of financial asset	(1,229)	-	(1,229)	-
Disposal of available-for-sale financial assets	-	(15,198)	-	-
Write-off	(17,729)	-	-	-
	28,771	47,729	28,771	30,000

The Group

This represents UAC's investments in unquoted equities of the following companies: Industrial Investments Ltd, LACOM Communications Ltd, Trade Investment Ltd - CSCS, Lagos Stock Exchange and Panasonic Nigeria Ltd.

16. Investments in associates and equity accounted joint ventures

	The Group	
	2019 N'000	2018 N'000
Associate		
UPDC's Investment in UPDC REIT	19,646,106	20,017,860
UPDC Fair Value Loss on UPDC REIT	(12,638,216)	-
Transit Village Dev. Co. Ltd*	-	73,606
Assets of disposal group held for distribution/sale - UPDC	(7,007,890)	-
At 31 December	-	20,091,466

16.1 Investments in Associate

The Group's investment in Associate is on account of UPDC's investment in UPDC REIT, a close-ended real estate investment trust which is listed on the Nigerian Stock Exchange.

Following the decision of UPDC to transfer its shareholding in UPDC REIT to its shareholders, the investment in UPDC REIT has been classified in line with IFRS 5 as a disposal group held for sale/ distribution

The movement in the investment in associate during the year is stated below:

	The Group	
	2019 N'000	2018 N'000
At 1 January	20,017,860	18,918,826
Share of profit	584,617	1,923,492
Dividend received	(956,371)	(824,458)
UPDC Fair Value Loss on UPDC REIT	(12,638,216)	-
Assets of disposal group held for distribution/sale - UPDC	(7,007,890)	-
At 31 December	-	20,017,860

16.2 Investments in Joint Ventures

Investments in Joint Ventures are held by UPDC and have now been reclassified as disposal group held for distribution in line with IFRS 5. (See Note 34)

The movement in the investment in joint ventures during the year is stated below:

	The Group	
	2019 N'000	2018 N'000
At 1 January	73,606	190,795
Share of loss of First Festival Mall Limited	-	(117,189)
Reclassification of First Restoration Dev. Co. Limited	317,449	-
Impairment loss	(261,466)	-
Assets of disposal group held for distribution/sale	(129,589)	-
At 31 December	-	73,606

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
17. Debt instrument at amortised cost				
At 1 January	-	-	-	-
Additions during the year	2,015,218	-	2,015,218	-
ECL -Impairment (Note 3.1 (b))	(23,311)	-	(23,311)	-
At 31 December	1,991,907	-	1,991,907	-

The Group invested in Eurobond assets with the business model of solely holding for principal and interest payment and designated as debt instrument at amortised cost

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at amortised cost comprised solely of quoted eurobonds that are rated by reputable Credit Rating Agency. The Group recognised provision for expected credit losses on its debt instruments at amortised cost of N23,311,353 in 2019.

		Stage 1 N' 000	Stage 2 N' 000	Stage 3 N' 000	Total N' 000
Bond type					
BB- (Fitch)/BB- (S&P)	FGN 2021	1,453,926	-	-	1,453,926
B- (Fitch)	FIDBAN 2022	305,167	-	-	305,167
B- (Fitch)/B- (S&P)	SEPLAT 2023	256,125	-	-	256,125
Total		2,015,218	-	-	2,015,218

	Stage 1 N' 000	Stage 2 N' 000	Stage 3 N' 000	Total N' 000
Movement in Expected Credit Loss (ECL)				
At 1 January 2019	-	-	-	-
New assets purchased	23,311	-	-	23,311
At 31 December	23,311	-	-	23,311

18. Right of return assets and refund liabilities

	The Group		The Company	
	31 Dec 19 N' 000	31 Dec 18 N' 000	31 Dec 19 N' 000	31 Dec 18 N' 000
Right of return assets	7,384	7,916	-	-
Refund liabilities				
- Arising from retrospective volume rebates	-	-	-	-
- Arising from rights of return	8,093	9,167	-	-
	8,093	9,167	-	-

Right of return of assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

19.1 Right of use assets

The Group has lease contracts for various items of land and building and machinery and other equipment used in its operations. Leases of land and building generally have lease terms between 1 and 45 years, while machinery and other equipment generally have lease terms between 3 months and 5 years.

Right of use assets	Land and Building N' 000	Plant and Machinery N' 000	Total N' 000
At 1 January 2019	1,309,101	322,357	1,631,458
Depreciation expenses	(367,302)	(147,749)	(515,051)
At 31 December 2019	941,799	174,608	1,116,407

Set out below are the carrying amounts of lease liabilities and the movements during the period;

19.2 Lease Liability	The Group	
	2019 N' 000	2018 N' 000
At 1 January 2019	1,152,882	-
Accretion interest	185,152	-
Payments	(355,917)	-
At 31 December	982,117	-
Current	526,623	-
Non-current	455,494	-
	982,117	-

The maturity analysis of lease liabilities are disclosed in Note 3.3

20. Inventories

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
Raw materials and consumables	12,440,215	18,829,760	3,602	3,123
Technical stocks and spares	1,655,627	1,878,575	-	-
Properties under construction Note 20.1	-	8,275,382	-	-
Finished goods and goods for resale	2,194,371	1,541,918	-	-
	16,290,212	30,525,636	3,602	3,123

20.1 Properties under construction included in inventories

Cost/Valuation	The Group	
	2019 N' 000	2018 N' 000
Balance 1 January	8,275,382	11,523,468
Additions	76,488	410,123
Disposals	(1,450,851)	(1,502,307)
Transfer to Investment Properties	-	(140,000)
Reclassifications	114,870	(698,286)
Write down of VMP3B, Parkview & Awoyaya Land	(1,300,030)	(1,317,616)
Assets of disposal group held for sale/distribution (Note 34)	(5,715,859)	-
Write back/ reallocation	-	8,275,382

During the year, properties under construction included in inventory were transferred as part of UPDC's assets held for sale / distribution

21. Trade and other receivables

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
Receivables due within one year				
Trade receivables	3,126,356	4,085,850	-	-
Less: allowance for impairment of trade receivables	(1,230,771)	(1,693,208)	-	-
Net trade receivables	1,895,584	2,392,642	-	-
Receivables from group companies - Note 32 b	-	-	336,488	4,795,033
Intercompany loan - Note 32 c	-	3,230,152	16,494,144	-
Allowance for expected credit losses on related parties	-	(442,457)	(153,860)	(111,436)
Other receivables	1,149,965	2,489,873	318,308	481,085
Advance payments	-	796,497	-	-
WHT receivable	1,070,382	760,747	633,965	211,448
Prepayments - staff grants	168,084	265,992	31,758	48,537
Prepayments- Other	731,303	740,246	16,636	39,202
	5,015,319	10,233,691	17,677,438	5,463,870

Trade receivables are non-interest bearing and are generally due for settlement within 30 days and therefore are all classified as current. They are amounts due from customers for goods sold or services performed in the ordinary course of business.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Advance payments are mobilisation fees made to contractors for the supply of goods and services.

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
Prepayments - Current	899,387	1,006,237	48,394	87,740
Prepayments - Non-current	132,960	8,706	131,191	-
Total prepayments	1,032,347	1,014,943	179,585	87,740

The balance on prepayment represent rent and insurance paid in advance which will be charged against earnings in

Movements in the allowance for impairment of trade receivables are as follows:

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
At 1 January	1,693,208	1,429,318	-	-
(Recovery from)/Allowance for receivables impairment	(181,754)	263,890	-	-
Assets held for sale	(280,683)	-	-	-
At 31 December	1,230,771	1,693,208	-	-

22. Cash and cash equivalents

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
Cash at bank and in hand	5,867,483	1,958,000	35,297	142,848
Short-term deposits	16,191,616	28,376,244	8,138,501	18,689,159
Expected credit losses on short term deposit	(47,635)	(55,226)	(47,634)	(55,128)
Cash at banks and short term deposits attributable to discontinued operations	1,879,671	-	-	-
Cash and short-term deposits	23,891,135	30,279,018	8,126,164	18,776,880

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

In 2015, Securities and Exchange Commission directed all Registrars to return all unclaimed dividends, which have been in their custody for fifteen months and above, to the paying companies. Included in the cash and short-term deposits is ₦2.0 bn which represents unclaimed dividends received from Africa Prudential Registrars as at 31 December 2019.

(i) Reconciliation to statement of cash flow

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	The Group		The Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
Cash and short-term deposits	23,891,135	30,279,018	8,126,164	18,776,880
Bank Overdrafts Note 23	-	-	-	-
Balances per statement of cash flow	23,891,135	30,279,018	8,126,164	18,776,880

23. Borrowings

	The Group	
	2019 N' 000	2018 N' 000
Current borrowings		
Overdrafts due within one year	-	-
Loans due within one year	4,595,937	19,671,568
	4,595,937	19,671,568
Non-current borrowings		
Loans due after one year (i)	1,850,583	4,500,793
Total borrowings	6,446,520	24,172,361
As at 1 January	24,172,362	25,122,069
Repayment of borrowing during the year	(4,393,485)	(7,876,232)
Initial fair value of grant	(59,421)	-
Interest on loans	806,022	610,661
Additions	4,479,255	6,315,864
liabilities of disposal group held for sale/distribution	(18,558,212)	-
As at 31 December	6,446,521	24,172,362

The above borrowings are denominated in Naira

The borrowings are repayable as follows:

	The Group	
	2019 N' 000	2018 N' 000
Within one year	4,595,937	19,671,568
Between one to two years	1,850,583	4,500,793
	6,446,520	24,172,361

(i) Loans due within one year

Bank	Effective Interest Rate	The Group		Maturity date	Security
		2019 N' 000	2018 N' 000		
FBN Merchant Bank	19.5%	-	243,861	May-19	Equitable mortgage
Coronation Merchant Bank	19.5%	-	341,035	May-19	Equitable mortgage
FSDH Merchant Bank Ltd	16.0%	-	2,174,916	May-19	No security
First Bank of Nigeria Ltd	16.0%	-	1,322,696	Jun-19	No security
Issued CP	14.4%	-	13,709,348	Sep-19	Equitable mortgage
Sterling Bank Plc - Agric Loan	8.5%	175,937	379,712	Jul-20	No security
Union Bank of Nigeria Plc (CACS Loan)	8.0%	1,000,000	1,500,000	Nov-20	No security
BOI - Agric Loan	10.9%	1,420,000	-	Dec-20	No security
Zenith bank (CBN Maize Aggregation)	10.9%	2,000,000	-	Dec-20	No security
		4,595,937	19,671,568		

The above borrowings are denominated in Naira

The Company has no borrowings as at 31 December 2019

(ii) Loans due after one year

Details of the loan maturities due after one year are as follows:	Effective Interest Rate	The Group		Maturity date
		2019 N' 000	2018 N' 000	
Facility				
Grand Cereals Ltd: Sterling Bank Plc & BOI - Agric loan	8.5%	1,850,583	245,040	July, 2020
		1,850,583	245,040	
Term Loan:				
UPDC 5-Year Bond	16%	-	4,255,753	May, 2023
		1,850,583	4,500,793	

Company

The company had no loan as at 31 December 2019

The average interest rate for facilities from local banks during the period was 13.4% (2018 was 23.1%).

24. Deferred Tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Deferred tax assets:				
– Deferred tax asset to be recovered after more than 12 months	11,619	90,144	-	-
– Deferred tax asset to be recovered within 12 months	-	-	-	-
	11,619	90,144	-	-
Deferred tax liabilities:				
– Deferred tax liability to be recovered after more than 12 months	(4,150,460)	(4,711,430)	(24,625)	(73,648)
– Deferred tax liability to be recovered within 12 months	-	-	-	-
Net Deferred tax (liabilities) / assets	(4,150,460)	(4,711,430)	(24,625)	(73,648)

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
At 1 January	(4,621,286)	(4,259,206)	(73,648)	(152,791)
Adjustment of opening balance **	580,758	128,492	-	-
(Charged)/ credited to profit or loss	(98,313)	(490,572)	49,023	79,143
At 31 December	(4,138,841)	(4,621,286)	(24,625)	(73,648)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

The Group

Deferred tax assets

	PPE	Allowance for impairment on receivables	Tax losses	Exchange difference	Investment properties	Capital Gains to be reinvested	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2018	70,564	35,319	606,017	-	-	-	711,900
Credited to profit or loss	(76,134)	(87,490)	(458,132)	-	-	-	(621,756)
At 31 December 2018	(5,571)	(52,171)	147,885	-	-	-	90,144
At 1 January 2019	(5,571)	(52,171)	147,885	-	-	-	90,144
Charged/(credited) to profit or loss	(92,081)	161,442	(147,885)	-	-	-	(78,525)
At 31 December 2019	(97,652)	109,271	-	-	-	-	11,619

The Group has tax losses of ₦300,480,000 that are available indefinitely for offsetting against future taxable profits of the Company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiary that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

The Group

	PPE	Allowance for impairment on receivables	Tax losses	Exchange difference	Investment properties	Capital Gains to be reinvested	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Deferred tax liabilities							
At 1 January 2018	4,349,769	(57,902)	(1,160,753)	8,935	1,716,968	114,089	4,971,106
Adjustment of opening balance - IFRS 9	310,877	(362,722)	-	-	-	-	(51,845)
Adjustment of opening balance	-	-	-	-	-	(76,647)	(76,647)
Charged/(credit) to profit or loss	(32,591)	(112,864)	111,732	(23,835)	262,113	(335,739)	(131,184)
At 31 December 2018	4,628,055	(533,488)	(1,049,021)	(14,900)	1,979,081	(298,297)	4,711,430
At 1 January 2019	4,628,055	(533,488)	(1,049,021)	(14,900)	1,979,081	(298,297)	4,711,430
Adjustment of opening balance **	(609,506)	267,620	1,049,021	(1,170)	(1,170,432)	(116,291)	(580,758)
Charged/(credited) to profit or loss	13,955	24,190	-	3,605	(21,962)	-	19,788
At 31 December 2019	4,032,504	(241,678)	-	(12,465)	786,687	(414,588)	4,150,460

** This adjustment derecognises the deferred tax liability portion for discontinued operations (UPDC: N72.1 million; MDS: N508.2 million) carried forward from the prior year.

The Company

	PPE	Allowance for impairment on receivables	Tax losses	Exchange difference	Investment properties	Capital Gains to be reinvested	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Deferred tax liabilities							
At 1 January 2018	(83,617)	(32,927)	-	(617)	270,003	-	152,842
Adjustment of opening balance- IFRS 9	-	(44,035)	-	-	-	-	(44,035)
Charged/(credited) to profit or loss	9,256	(51,802)	-	2,193	5,194	-	(35,159)
At 31 December 2018	(74,361)	(128,764)	-	1,576	275,197	-	73,648
At 1 January 2019	(74,361)	(128,764)	-	1,576	275,197	-	73,699
(Credited)/charged to profit or loss	(9,259)	(21,407)	-	3,605	(21,962)	-	(49,023)
Charged/(credited) to other comprehensive income	-	-	-	-	-	-	-
Charged directly to equity	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
At 31 December 2019	(83,620)	(150,222)	-	5,181	253,235	-	24,625

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25. Trade and other payables

	The Group		The Company	
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
Trade payables	5,003,051	6,843,729	-	-
	5,003,051	6,843,729	-	-
Amount owed to related companies Note 32 d	-	32,359	-	-
Provision for employee leave	77	14,485	-	7,930
Defined contribution benefit owing to UNICO fund	68,698	-	-	-
Other payables	2,360,686	3,449,681	38,351	87,142
WHT payable	83,259	122,668	6,616	1,850
VAT payable	307,951	328,853	1,986	5,050
PAYE payable	485	4,711	23,874	4,365
Advance from customers	199,967	1,267,324	-	-
Accruals	1,936,138	2,885,387	1,049,472	949,774
Total	9,960,311	14,949,197	1,120,300	1,056,112

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled between 30 and 60-day terms. Other payables are non-interest bearing and have an average term of 6 months.

Advance from customers are deposits or down-payments received from customers for products.

Accruals relates to accrued professional fees, accrued consultants fees, accrued audit fees and other accrued expenses.

26. Government Grant

	The Group		The Company	
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
At 1 January	-	9,226	-	-
Amount received during the year	59,421	-	-	-
Released to the statement of profit or loss	(9,314)	(9,226)	-	-
At 31 December	50,107	-	-	-
Current	50,107	-	-	-
Non-current	-	-	-	-
	50,107	-	-	-

Government grant relates to government facilities received by two entities – Livestock Feeds PLC and Grand Cereals Limited, at below-market rates of interest. The facilities are meant to assist in the procurement of certain items of plant and machinery. In both entities, the grants are recognised as deferred income and amortised to profit or loss on a systematic basis over the useful life of the asset in line with their respective accounting policies.

27. Contract liabilities

	The Group		The Company	
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
At 1 January	268,686	216,654	134,276	56,640
Deferred during the period	461,144	439,260	240,050	191,702
Released to the statement of profit or loss	(60,539)	(387,229)	(221,551)	(114,066)
At 31 December	669,292	268,686	152,775	134,276
Current	669,292	267,109	152,775	134,276
Non-current	-	1,577	-	-
	669,292	268,686	152,775	134,276

This relates to consideration paid by customers before the transfers of goods or services. Contract liabilities are recognised as revenue when the Group performs its obligations under the contract.

28. Dividend payable

	The Group		The Company	
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
As at 1 January	5,375,416	4,655,045	4,899,962	4,655,045
Dividend declared	1,844,029	1,872,843	1,844,029	1,872,843
Dividend paid during the year	(2,073,296)	(1,205,642)	(2,073,296)	(1,681,095)
Statute barred unclaimed dividend/ Statute barred unclaimed dividend written back	(206,342)	(149,445)	(206,342)	(149,445)
Unclaimed dividend refunded	917,917	202,615	379,571	202,615
Asset held for sale	(339,920)	-	-	-
At 31 December	5,517,803	5,375,416	4,843,925	4,899,962

29. Provisions

The Group	Provisions N'000	Legal claim N'000	Decommissioning liability N' 000	Total N' 000
At 1 January 2019	3,000	90,085	10,874	103,959
Unwinding of discount	3,000		3,740	6,740
Provision write back			(11,161)	(11,161)
Additional provision			3,934	3,934
Exchange difference arising on litigation	-	(137)		(137)
31 December 2019	6,000	89,948	7,387	103,335
Current	-	89,948	6,000	95,948
Non-current	6,000		1,387	7,387
At 1 January 2018	3,000	89,456	17,223	109,680
Unwinding of discount	-	-	3,439	3,439
Derecognised on payment	-	-	(9,788)	(9,788)
Exchange difference arising from litigation	-	629	-	629
31 December 2018	3,000	90,085	10,874	103,960
Current	3,000	90,085	-	93,085
Non-current	-	-	10,874	10,874

Decommissioning liability

UAC Restaurants Limited has a number of leasehold properties converted to Restaurants, which are required by agreements to be restored back to their original condition upon the expiry of the leases. Decommissioning Liability relates to the provisions made for decommissioning costs relating to these properties. Management has applied its best judgement in determining the amount of the liability that will be incurred at the end of each lease term. Variables such as inflation rate and currency exchange rates amongst others, were considered in this estimate. 18% discount rate for the unwinding of the discount on the liability was determined using the "Capital Asset Pricing Model". The obligation is expected to crystallise in 2030.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rates did not reflect risks for which future cash flow estimates have been adjusted.

Contingent liabilities

The Group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed.

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30. Share Capital
Group and Company

	2019		2018	
	Number 000	Amount N' 000	Number 000	Amount N' 000
Authorised:				
Ordinary Shares of 50k each	3,000,000	1,500,000	3,000,000	1,500,000
Preference Shares of 50k each	400,000	200,000	400,000	200,000
Total authorised share capital	3,400,000	1,700,000	3,400,000	1,700,000
Issued and fully paid:				
Ordinary shares of 50k each	2,881,296	1,440,648	2,881,296	1,440,648
Total called up share capital	2,881,296	1,440,648	2,881,296	1,440,648

Movements during the period:

	Group and Company	
	Number of shares 000	Ordinary shares N' 000
Balance at 1 January 2018	2,881,296	1,440,648
Capitalised during the period	-	-
Issue of new shares	-	-
At 31 December 2018	2,881,296	1,440,648
Capitalised during the period	-	-
At 31 December 2019	2,881,296	1,440,648

Nature and purpose of Other Reserves

Share Premium

Section 120.2 of Companies and Allied Matters Act requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium. The Share premium is to be capitalised and issued as scrips as approved by shareholders from time to time.

Contingency Reserve

The contingency reserve covers an appropriation of surplus or retained earnings that may or may not be funded, indicating a reservation against a specific or general contingency. The contingency reserve represents the transfer to statutory reserve of 12.5% of the profit after tax of UNICO CPFA Limited in line with section 69 of the Pension Reform Act 2004 (2014 as amended).

Fair value/available for sale reserve

The available for sale reserve relates to the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

31 **31. Reconciliation of profit before tax to cash generated from operations**

	Group		Company	
	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
Profit before tax from continuing operations	7,456,259	6,075,554	1,973,745	4,195,546
Loss before tax from discontinued operations	(14,696,369)	(11,637,728)	-	-
Adjustment for net finance (income)/costs	(1,789,846)	(2,155,316)	(2,616,821)	(2,917,806)
Operating profit	(9,029,956)	(7,717,490)	(643,075)	1,277,740
Amortisation of intangible assets	89,192	125,508	12,465	15,554
Dividend income	(6,441)	-	(2,296,398)	(2,046,400)
Depreciation charge on property, plant and equipment	1,836,774	2,154,244	145,568	142,073
Depreciation charge on leases	515,051	-	-	-
Realisation on Warm Spring Waters Nigeria Limited liquidation	-	-	(295,863)	-
Retained earnings and NCI adjustment	-	-	-	-
Impairment of loan of Warm Spring Waters Nigeria Limited	(652,023)	-	-	-
Expected credit loss on debt securities	23,311	-	23,311	-
Expected credit loss on intercompany receivable	-	-	42,424	-
Expected credit loss	(181,754)	-	-	-
Effects of exchange rate changes	-	-	-	(2,882)
Net fair value losses/(gains) on investment properties	219,617	589,936	219,617	(51,939)
Write back of statute barred unclaimed dividend	(206,342)	(149,445)	(206,342)	(149,445)
Unwinding of government grant	(9,314)	(9,226)	-	-
Loss on disposal of financial instruments	-	15,198	-	-
Impairment of investment properties	-	632,000	-	-
Impairment charges on PPE	137,732	323,053	-	-
Loss arising from fair value adjustments of investment in UPDC	-	-	3,184,709	-
Write off of PPE	1,779	104,928	-	-
Profit on sale of disposal of subsidiary	(419,808)	-	-	-
Net changes in fair value of financial assets	-	-	-	(28,999)
Profit on sale of tangible PPE	(79,129)	(19,991)	(7,566)	(1,341)
Movement in provision	(624)	(5,720)	(137)	629
Profit on sale of Investment Properties	(631,286)	(15,352)	(631,286)	(15,352)
Operating cash flows before movements in working capital	(8,393,221)	(3,972,355)	(452,572)	(860,362)
Movements in working capital:				
Changes in inventories	5,894,615	(273,682)	(479)	(453)
Changes in trade and other receivables and prepayments	(2,177,493)	5,002,327	(12,576,029)	1,350,792
Changes in deferred revenue	479,643	52,031	18,499	-
Changes in trade and other payables	2,783,896	(1,342,274)	72,798	(168,224)
Changes in right of return asset	532	(7,916)	-	-
Changes in refund liability	(1,074)	9,167	-	-
Net cash (used in)/ from operations - continuing operations	(1,413,101)	(532,702)	(12,937,782)	321,753
Changes in assets and liabilities	313,173	4,085,491	-	-
Net cash from operations - discontinued operations	313,173	4,085,491	-	-
Net cash (used in)/ from operations	(1,099,928)	3,552,789	(12,937,782)	321,753

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32. Related party transactions

The Company

The company's related parties consist of companies in whom the company has shareholding and similar interests (it's subsidiaries, associates & joint venture partners), the key management personnel of the company and their close family members and all other entities that are directly or indirectly controlled by the company.

The following transactions were carried out with the subsidiaries:

(a) Sales of goods and services

The Company has commercial service agreements with its subsidiaries for support services. Income from commercial services fees(representing 0.75-1% of revenue of the subsidiaries) **N516 million** (2018: **N467 million**).

This has been included in the revenue of the Company.

	Company	
	2019	2018
	N' 000	N' 000
UACN Property Development Co. Plc	18,648	21,128
Grand Cereals Limited	292,353	262,177
Chemical & Allied Products Plc	84,106	77,641
Portland Paints & Products Plc	25,894	28,032
Livestock Feeds Plc	95,719	78,372
	516,721	467,350

(b) Period-end net balances arising from sales/purchases of goods/services with subsidiaries

Receivable/(Payable):

	Company	
	2019	2018
	N' 000	N' 000
UACN Property Development Co. Plc	(16,143)	1,426,131
Chemical & Allied Products Plc	55,248	23,071
Grand Cereals Limited	141,529	3,168,457
UNICO CPFA Ltd	-	3,121
UAC Restaurants Limited	(25,307)	6,905
Portland Paints Plc	99,986	87,207
Livestock Feeds Plc	40,223	17,011
MDS Logistics Ltd	28,855	7,936
UAC Foods Ltd	12,096	55,327
	336,488	4,795,165

(c) Intercompany loan

	Company	
	2019	2018
	N' 000	N' 000
UACN Property Development Co. Plc	16,481,499	-
MDS Logistics Ltd	12,645	-
	16,494,144	-

All trading balances will be settled in cash.

There were no allowance for doubtful debt relating to related party receivables as at 31 December 2019 (2018: nil) and no charges to the profit or loss in respect of doubtful related party receivables.

(d) Amount owed to related companies

	Group	
	2019	2018
	N'000	N'000
James Pinnock current account	-	32,359
Pinnacle Apartment Development Limited	-	-
	-	32,359

(e) Key Management Personnel

Total transactions with key management personnel amounted to **Nil** during the year (2018:Nil).

Intra-group and other related party transactions are carried out at normal commercial terms and conditions.

33. Capital commitments

	Group		Company	
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
Capital expenditure authorised	1,871,050	1,248,396	-	165,942
Capital expenditure authorised & contracted	1,099,958	1,077,829	-	219,420

34. Disposal group held for sale and discontinued operations

Disposal group held for distribution to owners

UPDC PLC

On July 4 2019, The Board of UACN approved that subject to the approval of the Shareholders and the appropriate regulatory authorities, a proposed scheme of arrangement be effected by the transfer of the ordinary shares held by the Company in UACN Property Development Company Plc ("UPDC") to the Shareholders in proportion to their respective shareholding as reflected in the register of members and on such terms and conditions as the Board deems fit (the "Scheme"). In line with IFRS 5, UPDC has subsequently be classified as disposal group held for distribution to owners.

UNICO CPFA Limited (UNICO)

Members of UNICO PFA at Extra-Ordinary General Meeting approved voluntary winding up of company on February 6, 2019. Mr Godwin Abimbola Samuel was appointed as Liquidator. The Company is thus in liquidation. Hence, this entity was classified as a disposal group held for distribution to owners in the year ended 31 December 2018.

Exception to one year requirement:

IFRS 5 requires that except for certain exceptions, the sale of a non-current asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification. However, during the year, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year. As part of the voluntary winding up process, the assets of UNICO has been sold and liabilities settled. The winding up process is to be concluded in FY 2020.

MDS Logistics (MDS)

On July 2019, UACN entered into an agreement to sell 8% of its shareholding in MDS to Imperial Capital Limited (ICL). Consequent to the sale, UACN will own 43% of MDS thereby ceding control. As at year end 2019, the transaction was yet to be concluded, hence MDS was classified under IFRS 5 as non current asset held for disposal/distribution and discontinued operations.

Warm Spring Waters Nigeria Limited (WSWNL)

The results from discontinued operations which have been included in the 2019 consolidated income statement are as follows:

	N'000
Cash consideration	295,863
*Share of net asset of subsidiary	123,945
Profit on disposal of discontinued operations	<u>419,808</u>

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Analysis of the results of the disposal group held for sale and distribution to owners is as follows:

	UPDC 31-Dec-19 N'000	UNICO 31-Dec-19 N'000	MDS Logistics 31-Dec-19 N'000	TOTAL 31-Dec-19 N'000
Assets				
Non-current assets:				
Property, plant and equipment	22,852	2,920	4,496,715	4,522,487
Intangible assets	13,517	-	59,366	72,883
Investment properties	2,381,502	-	-	2,381,502
Investments in joint ventures	129,589	-	-	129,589
Right of use asset	-	-	1,174,159	1,174,159
Investments in associates	-	-	-	-
Deferred tax asset	-	945	-	945
	2,547,460	3,865	5,730,240	8,281,565
Current assets				
Inventories	5,721,126	-	1,189,118	6,910,244
Trade and other receivables	4,156,361	-	1,377,403	5,533,764
Statutory Reserve Fund Account	-	66,096	-	66,096
Income tax asset	-	-	330,901	330,901
	9,877,487	66,096	2,897,422	12,841,005
Assets of disposal group classified as held for sale/ distribution to owners - UHL	15,249,451	-		15,249,451
Total	27,674,398	69,961	8,627,662	36,372,022
Liabilities				
Non-current liabilities				
Borrowings	4,263,957	-	-	4,263,957
Lease liability	-	-	987,463	987,463
Deferred taxation liabilities	72,537	-	741,997	814,534
Deferred revenue	4,736	-	-	4,736
	4,341,230	-	1,729,460	6,070,690
Current liabilities				
Trade and other payables	4,510,908	48,952	2,639,272	7,199,132
Current income tax liabilities	115,522	8,004	-	123,526
Interest bearing Loans and Borrowings	8,215	-	-	8,215
Dividend Payable	339,920	-	-	339,920
Deferred revenue	110,767	-	-	110,767
	5,085,332	56,956	2,639,272	7,781,560
Liabilities of disposal group classified as held for sale/distribution to owners - UHL	802,626			802,626
Total	10,229,188	56,956	4,368,732	14,654,876

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Analysis of the results of the discontinued operations is as follows:

	UPDC 31-Dec-19 N'000	UNICO 31-Dec-19 N'000	MDS Logistics 31-Dec-19 N'000	TOTAL 31-Dec-19 N'000	UPDC 31-Dec-18 N'000	UNICO 31-Dec-18 N'000	MDS 31-Dec-18 N'000	TOTAL 31-Dec-18 N'000
Revenue	2,157,614	70,761	5,679,952	7,908,327	2,303,326	33,889	5,971,060	8,308,275
Cost of sales	(3,035,743)	-	(4,262,576)	(7,298,319)	(3,165,718)	106,928	(4,307,504)	(7,366,294)
Gross profit	(878,129)	70,761	1,417,375	610,007	(862,392)	140,817	1,663,556	941,981
FV loss/write down of investment properties	57,202			57,202				-
(Loss)/Gain on disposal of investment properties	(96,481)			(96,481)				-
Other income	34,895	10,119	14,197	59,211	(8,343,136)	14,182	11,586	(8,317,368)
Selling and distribution expenses	(104,860)	-	(45,093)	(149,953)	(84,904)		(62,518)	(147,422)
Administrative expenses	(520,791)	(27,883)	(631,322)	(1,179,996)	(997,182)	(111,588)	(570,423)	(1,679,193)
Credit loss reversal/expense	239,430	-		239,430	-	-		-
Operating profit	(1,268,734)	52,997	755,157	(460,580)	(10,287,614)	43,411	1,042,201	(9,202,002)
Finance income	5,376	-	115,438	120,814	36,617		178,008	214,625
Finance cost	(1,730,639)	-	(167,731)	(1,898,370)	(4,366,776)	-		(4,366,776)
Share of profit of associates	584,617			584,617	1,806,303	-		1,806,303
Loss before impairment	(2,409,380)	52,997	702,864	(1,653,519)	(12,811,469)	43,411	1,220,209	(11,547,850)
Impairment of Investment in Associates	(261,466)	-	-	(261,466)		-		-
Impairment of assets of disposal group held for sale and discontinued operations	(12,638,216)			(12,638,216)				-
(Loss)/Profit before tax	(15,309,062)	52,997	702,864	(14,553,201)	(12,811,469)	43,411	1,220,209	(11,547,850)
Tax expense:					(1,723,129)		(398,483)	(2,121,612)
Related to pre-tax profit/(loss) from the ordinary activities for the period	454,722	-	(360,082)	94,640	-	(8,003)		(8,003)
Loss after tax	(14,854,340)	52,997	342,782	(14,458,561)	(14,534,598)	35,408	821,726	(13,669,462)
Loss from discontinued operation	(143,168)			(143,168)	(89,878)			(89,878)
(Loss)/profit from discontinued operations	(14,997,508)	52,997	342,782	(14,601,729)	(14,624,476)	35,408	821,726	(13,767,342)
Other Comprehensive income								-
Total comprehensive (loss)/income for the period net of tax	(14,997,508)	52,997	342,782	(14,601,729)	(14,624,476)	35,408	821,726	(13,767,342)

The assets are carried at carrying value since this is lower than the fair value less cost to sell.

Cashflows from discontinued operations:

The net cash flows incurred are, as follows:

	UPDC 31-Dec-19 N'000	UNICO 31-Dec-19 N'000	MDS Logistics 31-Dec-19 N'000	UPDC 31-Dec-18 N'000	UNICO 31-Dec-18 N'000	MDS 31-Dec-18 N'000
Operating	(2,716,026)	(106,684)	619,222	(385,220)	36,388	1,380,023.00
Investing	2,772,737	255,027	(1,330,478)	5,565,160	22,660	58,281.00
Financing	697,341	-	(938,731)	(5,198,311)	(37,500)	(550,000)
Net cash (outflows)/inflows	754,052	148,343	(1,649,987)	(18,371)	21,547	888,304.00

35. Disclosure of Interests in Other Entities

35.1 Composition of the Group

UAC of Nigeria Plc is a diversified conglomerate with interests in six primary verticals - Animal Feeds (2 entities), Packaged Foods (1 entity), Quick Service Restaurant (1 entity), Real Estate (1 entity), Paints (2 entities) and Logistics (1 entity). The group comprises of a corporate centre (the Company) holding controlling interests in 8 entities.

35.2 Subsidiaries with significant non-controlling interests

MDS Logistics Limited (MDS) – MDS Logistics Limited is a company which provides warehousing, distribution and redistribution services to clients in Nigeria. The company's principal place of business is Lagos, Nigeria. In 2013, UAC divested 49% of its 100% stake in the company to Imperial Mobility International BV ("Imperial"), thereby retaining 51%. Imperial held a 49% stake in the company as at 31 December 2019 (2018: 49%). The profit allocated to Non-Controlling Interest (NCI) for the year 2019 is ₦232.62 million (2018: ₦403 million) and total dividend paid amounts to ₦771 million (2018: ₦550 million). As at the 31 December 2019, the accumulated NCI in the subsidiary was ₦2.34 billion (2018: ₦2.49 billion).

UAC Restaurants Limited (UACR) – UAC Restaurants Limited is a quick service restaurant company that operates through the Mr Biggs' and Debonairs Pizza chain of restaurants, using the franchise model. The company's principal place of business is Lagos, Nigeria. In 2013, UAC divested 49% of its 100% stake in the company to Famous Brands, thereby retaining 51%. Famous Brands held a 49% stake in the company as at 31 December 2019. The loss allocated to Non-Controlling Interest (NCI) for the year 2019 is ₦41.2 million (2018: Profit of ₦14.2 million) and no dividend was paid. As at 31 December 2019, the accumulated NCI in the subsidiary was ₦210 million (2018: ₦192 million).

UAC Foods Limited (UFL) – UAC Foods Limited is a company involved in the manufacture of packaged snacks, fruit juice, ice-cream and bottled spring water. The company's principal place of business is Lagos, Nigeria. In 2011, UAC divested 49% of its 100% stake in the company to Tiger Brands, thereby retaining 51%. Tiger Brands held a 49% stake in the company as at 31 December 2019 (2018: 49%). The profit allocated to Non-Controlling Interest (NCI) for the year 2019 is ₦580 million (2018: ₦479 million) and total dividend paid amounts to ₦740 million (2018: ₦700 million). As at 31 December 2019, the accumulated NCI in the subsidiary was ₦3.20 billion (2018: ₦2.95 billion).

Summarised financial information

	MDS N'000	UACR N'000	UFL N'000
31-Dec-19			
Non-current assets	5,785,240	666,371	4,134,847
Current assets	2,879,132	779,553	6,931,249
Current liabilities	2,327,290	792,253	3,611,775
Non-current liabilities	1,544,250	225,110	602,529
Revenue	5,679,952	1,500,895	17,545,286
Profit/(loss) before tax	702,864	(74,868)	1,561,487
Total comprehensive income	474,718	(83,549)	1,185,094

	MDS N'000	UACR N'000	UFL N'000
31-Dec-18			
Non-current assets	3,388,885	358,211	3,030,459
Current assets	3,419,864	629,222	6,753,623
Current liabilities	1,185,925	600,108	3,144,334
Non-current liabilities	533,709	10,874	532,671
Revenue	5,971,060	1,277,917	16,202,326
Profit before tax	1,220,209	59,236	1,361,871
Total comprehensive income	821,726	12,729	992,455

36. Fair Value Measurements

Fair value of investment property

An independent valuation of the group's investment property was performed by valuers to determine the fair value of investment properties as at 31 December 2019. The loss on fair valuation was credited to profit or loss and is shown in "other operating loss" (Note 6). The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The valuation of investment property results in a level 3 fair value

There were no transfers between levels 1 and 2 during the year

Valuation techniques used to derive level 3 fair values

Investment Property

Level 3 fair values for investment property has been derived using the open market value. To obtain the open market value, the following were considered, a willing buyer, a willing seller, the property is freely exposed to the market, a reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market. The open market value methodology falls within the "market approach" as stipulated by IFRS 13.

Fair value measurements as at 31 December 2018 using:

<i>all figures in N'000 unless otherwise stated</i>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	N'000	N'000	N'000
Recurring fair value measurements			
<u>Investment Property</u>			
UAC Company	-	-	2,096,624
UFL	-	-	303,712
Group			2,400,336
<u>Financial assets fair valued through Other Comprehensive Income</u>			
UACN Company	28,771	-	-

Fair value measurements as at 31 December 2018
using:

<i>all figures in N'000 unless otherwise stated</i>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	N'000	N'000	N'000
Recurring fair value measurements			
<u>Investment Property</u>			
UAC Company	-	-	2,694,651
UFL	-	-	303,712
UPDC	-	-	4,198,300
Group			7,196,663
<u>Financial assets fair valued through Other Comprehensive Income</u>			
UPDC Ltd and UACN Company	47,729	-	-

Reconciliation of level 3 fair values

	2019	
	Investment Property	Investment Property (Group)
	N'000	N'000
Opening balance	2,694,651	7,196,663
Transfers to/(from) level 3	-	-
Additions	917	917
Reclassifications	-	-
Disposals	(380,000)	-
Net gain/ (loss) from fair value adjustment on investment property	(218,944)	(218,944)
Assets of disposal group held for sale/distribution	-	(4,578,300)
Closing Balance	<u>2,096,624</u>	<u>2,400,336</u>

Reconciliation of level 3 fair values

	2018	
	Investment Property (Company)	Investment Property (Group)
	N'000	N'000
Opening balance	2,758,650	13,486,037
Transfers to/(from) level 3	-	-
Additions	2,559	2,560
Reclassifications	-	140,000
Disposals	(118,497)	(5,209,997)
Impairment of investment properties	-	(632,000)
Net gain/ (loss) from fair value adjustment on investment property	51,939	(589,936)
Closing Balance	<u>2,694,651</u>	<u>7,196,663</u>

Valuation process for the group

On an annual basis, the group engages external, qualified valuers to determine the fair value of the group's investment properties, using level 3 inputs. The firm of Messrs Steve Akhigbemidu & Co carried out the valuation exercise of investment properties as at 31 December 2019. The external valuations of the level 3 investment properties have been performed using the Open Market Approach. The external valuers has determined these inputs based on the size, age, condition of the land and buildings, willing buyer, willing seller, the state of the local economy and a reasonable period within which to negotiate sale, taking into account the nature of the property and state of the market.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value as at 31 December 2019	Fair value as at 31 December 2018	Valuation Technique	Unobservable inputs to fair value	Relationship of unobservable inputs to fair value
Investment Property - UAC Company	2,096,624	2,694,651	Market Approach	The price range used per square metre are N20,000 – N75,000 which determined by demand and availability of property of that quality in that location	The higher the estimated price per square meter, the higher the value
Investment Property - UPDC	-	3,894,588	Market Approach	The price range used per square metre are N20,000 – N85,000 which determined by demand and availability of property of that quality in that location	The higher the estimated price per square meter, the higher the value
Investment Property - UFL	303,712	303,712	Market Approach	The price range used per square metre are N20,000 – N75,000 which determined by demand and availability of property of that quality in that location	The higher the estimated price per square meter, the higher the value

37. Subsequent events

Sale of 8% equity interest in MDS

The group signed a Share Purchase Agreement with Imperial Capital Limited (ICL) for the sale of 8% of its 51% shareholding in MDS

Subsequent to reporting date, regulatory approval was obtained from the Federal Competition and Consumer Protection Commission (FCCPC) for the share purchase of 8% of MDS shares held by UACN for a consideration of \$2.4 million and 43% transfer of Imperial Mobility BV shares to Imperial Capital Limited (ICL) and thus fulfilling terms of completion of the transaction.

Consequent to this, ICL is beneficial owner of 57% of MDS while UACN's shareholding is now 43%. Following the associated loss of control, MDS will now be accounted for as an associate in line with IAS 28 - Investment in Associates and Joint Ventures from FY 2020.

On 10 February 2020, UPDC opened its right issue offer for 15,961,574,145 Ordinary Shares of 50 kobo each at ₦1.00. UACN has committed to taking up to 100% of the available offer. UACN's commitment on the rights would be funded by conversion of the ₦16 billion Bridge finance loan to UPDC. If successful, UACN will become 94% shareholder of UPDC.

Subject to Shareholder's approval, UACN proposes to unbundle its shareholding in UPDC in favour of its shareholders to allow for a realignment of its investment portfolio.

Evaluation of the impact of COVID-19

On 30th of January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus (COVID-19). Since 11 March 2020, the WHO has characterized the spread of the corona virus as a pandemic.

The continue spread of the coronavirus will most likely impact the global economy and the Group's financial position and results. More specifically, the impact is expected on instruments measured at fair value and on expected credit losses. The Federal Government of Nigeria has directed Banks to extend moratorium and tenor of concessionary loans as well as reduction of interest rate from 9% to 5% p.a. In addition, Banks are also advised to restructure non-concessionary loans to ameliorate impact of the pandemic on the economy. The Group intends to avail itself of these restructuring opportunities and has commenced necessary engagements in this respect. The Group will continuously and closely monitor the status of fight against COVID-19, evaluate and proactively address its impact on the Group's financial position and performance in the appropriate reporting period. Such evaluation remains in progress as of the date of publishing this report.

38 Correction of prior year accounting errors

In line with accounting policy on consolidation (Note 2.3), the Group consolidates its subsidiaries and related entities in accordance with IFRS 10. During 2019, the Group discovered errors from 2015 in respect of differences reported in consolidated accounts of UACN compared to separate financial statements of individual subsidiary entities.
In addition, there were errors related to accounting for equity attributable to owners of parent and NCI.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

38(i) Consolidated statement of financial position

1-Jan-18	Impact of correction of error		
	As previously reported	Adjustments	As restated
	N'000	N'000	N'000
Property, plant and equipment	21,537,773	(108,040)	21,429,733
Trade and other receivables	16,358,997	8,451	16,367,448
Cash and cash equivalent	14,125,974	12,545	14,138,519
Total Assets	52,022,744	(87,044)	51,935,700
Deferred tax liabilities	4,890,082	81,024	4,971,106
Trade and other payables	16,238,983	52,484	16,291,467
Current income tax liabilities	5,377,083	(82,690)	5,294,393
Dividend payable	4,655,045	364,532	5,019,577
Bank overdrafts and current portion of borrowings	23,780,410	12,622	23,793,032
Total liabilities	54,941,603	427,972	55,369,575
Share premium	3,934,536	(57,276)	3,877,260
Statutory reserve	-	91,923	91,923
Contingency reserve	28,575	36,570	65,145
Retained earnings	46,827,439	(743,750)	46,083,688
Non controlling interests	21,377,429	157,517	21,534,946
Total equity	72,167,979	(515,016)	71,652,963
Total equity and liabilities	127,109,582	(87,044)	127,022,538
31-Dec-18	As previously reported	Adjustments	As restated
	N'000	N'000	N'000
Property, plant and equipment	21,824,121	(128,907)	21,695,214
Equity instrument at fair value through other comprehensive income	40,000	7,729	47,729
Total Assets	21,864,121	(121,179)	21,742,942
Trade and other payables	15,437,697	(488,502)	14,949,194
Dividend payable	4,899,962	475,454	5,375,416
Deferred tax liabilities	4,707,053	4,377	4,711,430
Current income tax liabilities	6,336,866	(9,217)	6,327,649
Liabilities of disposal group classified as held for sale/distribution to owners	949,382	31,357	980,739
Total liabilities	32,330,960	13,468	32,344,429
Share premium	18,509,120	(57,276)	18,451,844
Statutory reserve	-	91,923	91,923
Contingency reserve	28,575	40,996	69,571
Fair value/available for sale reserve	14,789	19,168	33,957
Retained earnings	38,135,993	(339,143)	37,796,850
Non controlling interests	16,078,903	109,684	16,188,587
Total equity	72,767,381	(134,647)	72,632,734
Total equity and liability	105,098,341	(121,179)	104,977,162

Consolidated statement of profit or loss and OCI

31-Dec-18	Impact of correction of error		
	As previously reported	Adjustments	As restated
	N'000	N'000	N'000
Revenue	78,744,081	3,945	78,748,026
Cost of sales	(64,700,283)	(3,762)	(64,704,045)
Administrative Expenses	(7,098,771)	280,940	(6,817,831)
Finance Costs	(4,988,108)	10,671	(4,977,437)
Other operating losses	(8,908,648)	(295,100)	(9,203,748)
Profit (Loss) from discontinued operation (net of tax)	(112,244)	57,774	(54,470)
Profit	(9,584,614)	54,468	(9,530,146)
Net changes in fair value of financial assets	28,999	7,729	36,728
Other comprehensive income	(9,555,615)	62,197	(9,493,418)

There is no material impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the years ended 31 December 2019 and 2018.

Other national disclosures

Statement of Value Added

For the year ended 31 December 2019

	Group				Company			
	2019		2018		2019		2018	
	=N=Million	%	=N=Million	%	=N=Million	%	=N=Million	%
Turnover	79,202		70,474		759		681	
Share of associated companies' profits	-		-		-		-	
Interest received & other income	5,137		3,940		4,317		3,355	
Cost of materials and services:								
Imported	(10,155)		(8,769)		-		-	
Local	(70,842)		(63,150)		(2,087)		1,209	
Value Added	3,342	100	2,495	100	2,989	100	5,245	100
Applied as follows:								
To pay employees								
Salaries, wages and other benefits	7,572	227	7,259	291	858	29	892	17
To pay government								
Taxes	2,111	63	1,838	74	490	16	587	11
To pay providers of capital								
Interest charges	991	30	611	24	-	-	-	-
To pay shareholders								
Dividend	288	9	1,847	74	288	10	1,847	35
Retained for replacement of assets and business growth:								
Depreciation and Amortisation	1,926	58	2,280	91	158	5	158	3
Non-controlling interest	(3,948)	(118)	(3,489)	(140)	-	-	-	-
Future Investment	(5,597)	(167)	(7,852)	(315)	1,195	40	1,761.67	34
	3,342	100	2,495	100	2,989	100	5,245	100

Value added represents the additional wealth which the group has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creations of more wealth.

Other national disclosures

Group five-year financial summary Year ended 31 December 2019

Naira millions	IFRS				
	2015	2016	2017	2018	2019
Funds Employed					
Equity attributable to equity holders of the Company	44,588	46,418	51,076	57,885	50,080
Non-controlling interest	29,554	30,047	21,535	16,189	10,462
Creditors due after one year	13,174	10,067	6,300	9,212	6,001
Provisions	134	22	110	104	103
	87,449	86,555	79,021	83,390	66,646
Employment of funds					
Property, plant and equipment, Intangible assets, Investment Property and Other non-current assets	58,260	56,995	37,263	30,564	26,019
Long term investments	21,198	19,696	19,136	20,139	2,021
Net current (liabilities) / assets	7,897	9,877	10,184	24,353	19,269
	87,355	86,569	66,583	75,056	47,309
Capital expenditure	1,809	1,839	1,313	2,926	2,710
Depreciation	2,495	2,611	2,669	2,280	1,926
Results					
	2015	2016	2017	2018	2019
Turnover	73,771	82,572	89,178	70,474	79,202
Profit from operations	7,395	8,640	7,031	3,920	5,666
Share of profit of associated companies	1,787	1,090	539	-	-
Taxation	(2,570)	(2,074)	(1,922)	(1,838)	(2,111)
Profit/ (loss) after tax and non-controlling interest	2,983	3,751	956	(6,045)	(5,308)
Dividend - proposed	(1,921)	(1,921)	(1,847)	(1,844)	(288)
Share prices : High (kobo)	4,274	2,200	1,672	985	960
Low (kobo)	1,875	1,681	1,672	975	450
Market capitalisation (period-end)	36,016	32,290	32,117	28,093	24,779
Dividend per share (kobo)	100	100	65	64	10
Dividend per share (kobo) - adjusted	100	100	65	64	10
Earnings per share (kobo)	155	195	50	(209)	(183)
Earnings per share (kobo) - adjusted	155	195	50	(209)	(183)
Net assets per share (kobo)	3,860	3,981	3,807	2,571	2,101
Dividend cover (times)	1.0	1.0	0.7	0.6	0.1

Other national disclosures

Company five-year financial summary Year ended 31 December 2019

Naira millions	IFRS				
	2015	2016	2017	2018	2019
Funds Employed					
Equity attributable to equity holders of the Company	21,585	22,292	23,451	40,132	39,771
Non-controlling interest					
Creditors due after one year	212	199	153	74	25
Provisions	42	-	-	90	90
	21,839	22,491	23,604	40,296	39,886
Employment of funds					
Property, plant and equipment, Intangible assets, Investment Property and Other non-current assets	858	747	660	714	699
Long term investments	11,641	11,760	15,815	21,208	14,564
Net current (liabilities) / assets	6,274	6,902	4,208	15,408	16,616
	18,773	19,409	20,683	37,330	31,879
Capital expenditure	182	68	100	244	177
Depreciation	160	170	164	142	146
Results					
	2015	2016	2017	2018	2019
Turnover	821	912	827	681	759
Profit from operations	4,162	1,513	1,551	1,278	(667)
Share of profit of associated companies					-
Taxation	(659)	(387)	(289)	(587)	(490)
Profit after tax	3,503	2,627	3,080	3,609	1,484
Dividend - proposed	(1,921)	(1,921)	(1,847)	(1,844)	(288)
Share prices : High (kobo)	4,274	2,200	1,672	985	960
Low (kobo)	1,875	1,681	1,672	975	450
Market capitalisation (period-end)	36,016	32,290	32,117	28,093	24,779
Dividend per share (kobo)	100	100	65	64	10
Dividend per share (kobo) - adjusted	100	100	65	64	10
Earnings per share (kobo)	182	137	160	140	52
Earnings per share (kobo) - adjusted	182	137	160	140	52
Net assets per share (kobo)	1,124	1,160	1,221	1,393	1,380
Dividend cover (times)	1.0	1.0	0.7	0.6	0.1