



**UAC of Nigeria Plc
Unaudited Financial Statements for the Year
ended 31 December 2020**

UAC of Nigeria Plc
Unaudited Consolidated Financial Statements
for the Year Ended 31 December 2020

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UAC of Nigeria Plc

Certification pursuant to section 60(2) of the Investments and Securities Act No. 29 Of 2007

We the undersigned hereby certify the following with regards to our unaudited financial report for the year ended 31 December 2020:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) any untrue statement of a material fact, or
 - (ii) omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made;
- (c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the company as of, and for the periods presented in the report.
- (d) We:
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) We have disclosed to the auditors of the company and audit committee:
 - (i) all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (ii) any fraud, whether or not material, that involve management or other employees who have significant role in the company's internal controls;
- (f) We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.



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



Babafunke Ijaiya-Oladipo*
Group Chief Financial Officer

* The Financial Reporting Council of Nigeria (FRC), through a letter dated 15 January 2021, granted a waiver which allows the Group Chief Financial Officer to sign the financial statements for the year ended 31 December 2020 without indicating any FRC registration number.

UAC of Nigeria Plc

Statement on Investors' Relations

UAC of Nigeria Plc has a dedicated investors' portal on its corporate website which can be accessed via this link: <https://www.uacnplc.com>. The Company's Group Chief Financial Officer can also be reached through electronic mail at: investorrelations@uacnplc.com; or telephone on: +234 906 269 2908 for any investment related enquiry.

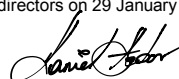
UAC of Nigeria Plc
Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2020

		The Group			
		3 months to Dec 2020	31 Dec 2020	3 months to Dec 2019	31 Dec 2019
		N'000	N'000	N'000	N'000
Notes					
Continuing operations					
Revenue	3	23,796,723	81,594,445	22,381,906	79,202,140
Cost of sales	5	(19,479,093)	(65,881,585)	(17,413,838)	(62,575,242)
Gross profit		4,317,630	15,712,860	4,968,068	16,626,898
Dividend income		-	9,961	6,441	6,441
Other operating income	4	705,796	1,123,518	1,167,988	2,355,961
Other operating losses	4	(95,460)	(95,460)	(297,223)	(297,223)
Selling and distribution expenses	5	(1,328,576)	(5,790,981)	(2,267,673)	(6,453,097)
Administrative expenses	5	(1,974,859)	(7,317,925)	(2,451,001)	(6,572,567)
Operating profit		1,624,531	3,641,973	1,126,601	5,666,413
Finance income	6	268,681	1,058,311	674,892	2,781,020
Finance cost	6	(55,724)	(504,063)	(354,632)	(991,174)
Net finance income		212,957	554,248	320,260	1,789,846
Share of profit of associates and joint venture using the equity method	13	1,046,260	1,161,678	-	-
Profit before tax		2,883,748	5,357,899	1,446,861	7,456,259
Income tax expense		(476,220)	(1,499,796)	(492,658)	(2,110,943)
Profit after tax for the period from continuing operations		2,407,528	3,858,103	954,203	5,345,316
Discontinued operations					
Profit/(loss) after tax for the period from discontinued operations		18,476	469,662	75,736	(14,601,729)
Profit/(loss) for the period		2,426,004	4,327,765	1,029,939	(9,256,413)
Other comprehensive income:					
<i>Items not to be subsequently recycled to profit or loss</i>					
Net changes in fair value of financial assets		153,209	159,354	(1,229)	(1,229)
Tax on other comprehensive income		-	-	-	-
Other comprehensive income/(loss) for the period net of tax		153,209	159,354	(1,229)	(1,229)
Total comprehensive income/(loss) for the period net of tax		2,579,213	4,487,119	1,028,710	(9,257,642)
Profit/(loss) attributable to:					
Equity holders of the parent		1,688,716	3,042,370	841,705	(5,307,933)
Non controlling interests		737,288	1,285,395	188,234	(3,948,480)
		2,426,004	4,327,765	1,029,939	(9,256,413)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		1,841,925	3,201,724	840,476	(5,309,162)
Non controlling interests		737,288	1,285,395	188,234	(3,948,480)
		2,579,213	4,487,119	1,028,710	(9,257,642)
Earnings per share attributable to owners of the parent during the period (expressed in Naira per share):					
Basic Earnings Per Share					
From continuing operations	8	61	85	13	132
From discontinued operations	8	(3)	21	17	(315)
From profit/(loss) for the period		58	106	30	(183)
Diluted Earnings Per Share					
From continuing operations	8	61	85	13	132
From discontinued operations	8	(3)	21	17	(315)
From profit/(loss) for the period		58	106	30	(183)

UAC of Nigeria Plc
Unaudited Consolidated Statement of Financial Position
as at 31 December 2020

	Notes	The Group	
		31 Dec 2020 N' 000	31 Dec 2019 N' 000
Assets			
Non-current assets			
Property, plant and equipment	9	20,952,782	18,919,587
Intangible assets and goodwill	10	1,373,221	1,417,604
Investment property	11	2,635,392	2,400,336
Finance lease receivable		10,375	-
Right of use assets	16	604,061	1,116,407
Debt instrument at amortised cost	14	2,205,278	1,991,907
Equity instrument at fair value through other comprehensive income	12	188,125	28,771
Investment in associates	13	13,135,470	-
Prepayment	18	48,126	132,960
Deferred tax asset	21	11,619	11,619
		41,164,449	26,019,191
Current assets			
Inventories	17	20,079,983	16,290,212
Trade and other receivables	18	5,654,744	5,015,319
Cash and Cash equivalents	19	24,165,766	23,891,135
Refund asset	15	14,298	7,384
		49,914,791	45,204,050
Non-current asset held for sale	29	255,436	-
Assets of disposal group classified as held for sale/distribution to owners	29	3,865	36,372,022
Total assets		91,338,541	107,595,263
Equity and Liabilities			
Ordinary share capital		1,440,648	1,440,648
Share premium		18,071,545	18,451,844
Contingency reserve		69,571	69,571
Fair value reserve		187,124	27,770
Statutory reserve		91,923	91,923
Retained earnings		33,126,979	29,997,824
Equity attributable to equity holders of the Company		52,987,790	50,079,580
Non controlling interests		8,712,453	10,461,832
Total equity		61,700,243	60,541,412
Liabilities			
Non-current liabilities			
Borrowings	20	-	1,850,583
Deferred tax liabilities	21	3,950,819	4,150,461
Lease Liability	16	273,404	455,494
Provisions	26	6,356	7,387
		4,230,579	6,463,925
Current liabilities			
Trade and other payables	22	8,298,128	9,960,311
Contract liabilities	24	1,733,947	669,292
Current income tax liabilities	7	4,163,901	4,510,936
Bank overdrafts and current portion of borrowings	20	4,505,315	4,595,937
Dividend payable	25	6,094,986	5,517,803
Government grant	23	-	50,107
Lease liability	16	360,201	526,623
Provisions	26	192,018	95,948
Refund liabilities	15	17,129	8,093
		25,365,625	25,935,050
Liabilities of disposal group classified as held for sale/distribution to owners	29	42,094	14,654,876
Total liabilities		29,638,298	47,053,851
Total equity and liabilities		91,338,541	107,595,263

The financial statements and the notes on pages 7 to 30 were approved and authorised before issue by the board of directors on 29 January 2020 and were signed on its behalf by:



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



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



Mrs Babafunke Ijaiya-Oladipo*
Group Chief Financial Officer

The notes on pages 7 to 30 are an integral part of these financial statements.

*The Financial Reporting Council of Nigeria (FRC), through a letter dated 15 January 2021, granted a waiver which allows the Group Chief Financial Officer to sign the financial statements for the year ended 31 December 2020 without indicating any FRC registration number.

UAC of Nigeria Plc
 Unaudited Consolidated Statement of Changes in Equity
 for the year ended 31 December 2020

		The Group								
		Attributable to owners of the Company								
Notes	Share Capital	Share Premium	Contingency Reserve	Fair value Reserve	Revaluation Reserve	Retained Earnings	Total	Non controlling Interest	Total	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
	Balance 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 of financial assets	-	-	-	(6,187)	-	4,958	(1,229)	-	(1,229)
	Transactions with Non-controlling interest	-	-	-	-	-	-	-	-	-
	Additional acquisition by non-controlling interest	-	-	-	-	-	-	-	66,639	66,639
	Movement in retained earnings due to loss of control	-	-	-	-	-	(652,023)	(652,023)	-	(652,023)
	Elimination of Non-controlling interest after disposal of Warm Spring Nigeria Limited	-	-	-	-	-	-	-	39,269	39,269
	Transactions with Equity holders	-	-	-	-	-	-	-	-	-
	Dividends	-	-	-	-	-	(1,844,029)	(1,844,029)	(1,884,183)	(3,728,212)
	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
	Balance at 1 January 2020	1,440,648	18,451,844	69,571	27,770	91,923	29,997,824	50,079,580	10,461,832	60,541,412
	Profit for the year	-	-	-	-	-	3,042,370	3,042,370	1,285,395	4,327,765
	Other comprehensive income	-	-	-	-	-	-	-	-	-
	Net changes in fair value of financial assets	-	-	-	159,354	-	-	159,354	-	159,354
	Transactions with Equity holders and NCI	-	-	-	-	-	-	-	-	-
	Right issue cost	-	(380,299)	-	-	-	-	(380,299)	-	(380,299)
	Dividends declared	-	-	-	-	-	(288,130)	(288,130)	(141,130)	(429,260)
	Disposal of non controlling interest in subsidiaries	-	-	-	-	-	378,704	378,704	857,860	1,236,564
	Acquisition of shares from non-controlling interest	-	-	-	-	-	(3,789)	(3,789)	(7,595)	(11,384)
	Dividend accruing to UPDC	-	-	-	-	-	-	-	4,901	4,901
	Elimination of non-controlling interest after disposal of controlling interest in subsidiaries	-	-	-	-	-	-	-	(3,992,971)	(3,992,971)
	Additional investment by NCI	-	-	-	-	-	-	-	39,200	39,200
	Right issue of UPDC subscribed	-	-	-	-	-	-	-	204,961	204,961
	Balance at 31 December 2020	1,440,648	18,071,545	69,571	187,124	91,923	33,126,979	52,987,790	8,712,453	61,700,243

UAC of Nigeria Plc
Unaudited Consolidated Statement of Cash Flows
for the year ended 31 December 2020

		The Group	
		31 Dec 2020	31 Dec 2019
	Notes	N' 000	N'000
Cash flows from operating activities			
Cash generated from operations	28	3,023,405	(1,099,928)
Corporate tax paid		(1,961,910)	(1,550,854)
Net cash generated from operating activities		1,061,495	(2,650,782)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(4,428,802)	(2,710,474)
Proceeds from sale of property, plant and equipment		123,511	157,257
Purchase of investment properties	11	(393)	(1,590)
Proceeds from disposal of subsidiaries		4,556,854	-
Proceeds from sale of investment properties		-	1,011,286
Purchase of intangible assets		(6,121)	(14,847)
Proceeds from disposal of Warm Spring Water Nigeria		-	292,094
Interest received	6	1,058,311	2,781,020
Dividend received		9,961	6,441
Investment in debt securities	14	-	(2,015,218)
Net cash generated from investing activities		1,313,321	(494,031)
Cash flows from financing activities			
Dividends paid to non controlling interests	25	(130,402)	(1,884,183)
Dividends paid to Company shareholders	25	(288,130)	(2,073,296)
Proceeds from borrowings	20	5,940,101	4,479,255
Payment of crystallised liability	26	(6,527)	-
Rights issue expenses		(380,299)	-
Repayment of borrowings	20	(7,926,033)	(4,393,485)
Interest paid on loans	20	(311,952)	-
Repayment of lease liability principal	16	(458,425)	(250,000)
Dividend refunded		566,455	917,917
Interest paid on lease liability		-	(105,917)
Proceeds of capital injection by non-controlling interest		244,161	66,639
Dividend received		4,901	-
Acquisition of additional interest in subsidiaries		(11,384)	-
Proceeds from disposal of shares		577,499	-
Net cash used in financing activities		(2,180,035)	(3,243,070)
Net increase/decrease in cash & cash equivalents		194,781	(6,387,883)
Impairment on cash and cash equivalent		(27,904)	-
Cash & cash equivalents at the beginning of the year		23,891,135	30,279,018
Effects of exchange rate changes on cash and cash equivalents		107,754	-
Cash & cash equivalents at the end of the period after adjusting for bank overdraft	19	24,165,766	23,891,135

1. General information

UAC of Nigeria Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The Group is a diversified business with activities in the following principal sectors: Animal Feeds and Other Edibles, Paints, Packaged Foods and Beverages, Quick Service Restaurants, Logistics and Real Estate. The address of the registered office is 1-5, Odunlami Street, Lagos.

The company is a public limited company, domiciled in Nigeria and listed on The Nigerian Stock Exchange domiciled in Nigeria.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with IAS 34. The financial statements have been prepared on a historical cost basis except for investment property, financial instruments measured at fair value through profit or loss, or fair value through other comprehensive income.

2.2 Accounting Policies

The accounting policies adopted are consistent with those for the year ended 31 December 2019.

2.3 Financial Risk Management

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.

This interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the company's annual financial statements as at 31 December 2019. There have been no changes in the risk management structure since year end or in any risk management policy.

2.4 Securities Trading Policy

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

UAC of Nigeria Plc
Notes to the Unaudited Consolidated Financial Statements
for the Year Ended 31 December 2020

3. 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.

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

Quick Service Restaurants (QSR) - Made up of a business unit involved in quick service restaurants.

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 hospitality.

Others - This is a non-reportable segment 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
- Gross profit
- Operating profit
- Profit before tax
- Property, plant and equipment
- Net assets

	Animal Feeds & Other Edibles	Paints	Packaged Food & Beverages	QSR	Logistics	Real Estate	Others	Total
31 December 2020	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Revenue from contract with customers	54,223,556	10,427,861	17,853,406	1,529,373	-	-	527,259	84,561,455
Rental income	-	-	-	-	-	-	238,946	238,946
Total Revenue	54,223,556	10,427,861	17,853,406	1,529,373	-	-	766,205	84,800,401
Intergroup revenue	(2,570,505)	(98,588)	-	-	-	-	(536,863)	(3,205,956)
Revenue to third parties	51,653,051	10,329,273	17,853,406	1,529,373	-	-	229,342	81,594,445
Gross profit	6,538,494	4,180,601	4,377,746	344,016	-	-	272,003	15,712,860
Operating profit/(loss)	2,084,344	1,313,583	1,324,493	8,777	-	-	(1,089,225)	3,641,972
Profit/(loss) before tax	1,746,052	1,553,182	1,374,130	(27,750)	-	-	712,285	5,357,899
Profit/(Loss) after tax for the year from discontinued operations	-	-	-	-	3,146,244	(2,678,049)	1,467	469,662
Property, plant and equipment	12,416,890	1,379,307	5,959,114	305,020	-	-	892,451	20,952,782
Net assets	18,151,502	5,041,984	7,395,083	391,396	-	-	30,720,279	61,700,244

31 December 2019	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
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
Gross profit	5,992,523	4,933,701	4,829,353	633,027	-	-	238,295	16,626,899
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

UAC of Nigeria Plc
Notes to the Unaudited Consolidated Financial Statements
for the Year Ended 31 December 2020

Entity wide information

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Analysis of revenue by category:		
Revenue from contract with customers	81,355,499	78,960,100
Rental income	238,946	242,040
	81,594,445	79,202,140

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Analysis of revenue by geographical location:		
Nigeria	81,594,445	79,202,140
Others	-	-
	81,594,445	79,202,140

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 year ended 31 December 2020							Total
	Animal Feeds & Other Edibles	Paints	Packaged Food & Beverages	QSR	Logistics	Real Estate	Others	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue from contracts with customers								
Sale of goods	51,653,051	10,329,273	17,853,406	1,529,373	-	-	-	81,365,103
Rendering of service	-	-	-	-	-	-	229,342	229,342
Total	51,653,051	10,329,273	17,853,406	1,529,373	-	-	229,342	81,594,445
Geographical Markets								
Nigeria	51,653,051	10,329,273	17,853,406	1,529,373	-	-	229,342	81,594,445
Outside Nigeria	-	-	-	-	-	-	-	-
Total	51,653,051	10,329,273	17,853,406	1,529,373	-	-	229,342	81,594,445
Timing of revenue								
Goods transferred at a point in time	51,653,051	10,329,273	17,853,406	1,529,373	-	-	-	81,365,103
Services transferred over time	-	-	-	-	-	-	229,342	229,342
Total	51,653,051	10,329,273	17,853,406	1,529,373	-	-	229,342	81,594,445

Disaggregated Revenue Group

For the year ended 31 December 2019

Segments	Animal Feeds & Other Edibles	Paints	Packaged Food & Beverages	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

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4. Other operating income	The Group	
	31 Dec 20 N' 000	31 Dec 19 N' 000
Profit on sale of Property, Plant and Equipment	4,370	79,129
Profit on sale of investment property	-	631,286
Provision writeback	500	-
Rental income	15,771	-
Realisation on disposal of subsidiary	-	419,808
Government grant	66,211	9,314
Commision fees from property sold	-	552
Write back of statute barred unclaimed dividend	-	206,342
ECL writeback on trade receivables (Note 18)	23,907	181,754
Fair value gain on investment property	234,663	-
Exchange gain	321,125	-
Other income**	456,971	827,776
Total other operating income	1,123,518	2,355,961

****Other income**

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

4 (ii) Other operating losses	The Group	
	31 Dec 20 N'000	31 Dec 19 N'000
Net fair value loss on investment properties	-	219,617
Expected credit loss on short term deposit	27,904	15,818
Impairment loss on financial assets	67,556	56,788
Other losses	-	5,000
Total other operating losses	95,460	297,223

5 (a). Expenses by Nature	The Group	
	31 Dec 20 N' 000	31 Dec 19* N' 000
Changes in inventories of finished goods and work in progress	55,824,983	54,096,642
Write off of inventories to net realisable value	55,182	50,681
Write off of property, plant and equipment	-	1,779
Personnel expenses	8,463,335	7,568,545
Depreciation charge on property, plant and equipment	2,018,422	1,836,774
Depreciation charge on right-of-use asset	493,976	515,051
Amortisation of intangibles	53,110	89,193
Impairment of property, plant and equipment	-	137,732
Royalty fees	324,399	109,908
Rents & rates	222,052	381,843
Electricity & power	2,189,347	2,134,477
Vehicles repairs, maintenance & fueling	367,830	277,539
Other repairs & maintenance	896,587	1,117,379
Auditors' remuneration	121,860	142,899
Information technology charge	321,944	279,135
Legal expenses & professional expenses	472,041	154,223
Donations & subscriptions	242,724	42,090
Insurance	206,643	162,857
Distribution expenses	2,562,358	2,385,557
Marketing, advertising & communication	931,390	1,558,608
Sundry office expenses	3,222,308	2,557,996
	78,990,491	75,600,906

5 (b). Expenses by Function

Analysed as:

Cost of sales	65,881,585	62,575,242
Selling and distribution expenses	5,790,981	6,453,097
Administrative expenses	7,317,925	6,572,567
	78,990,491	75,600,906

* Certain operating expenses incurred in the year ended 31 December 2019 have been reclassified for better presentation

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6. Net finance income/(cost)

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Interest income on short-term bank deposits	1,058,311	2,775,773
Interest income on finance lease assets	-	5,247
Finance Income	1,058,311	2,781,020
Interest expense on bank loans	(372,783)	(806,022)
Interest expense on lease liability	(128,283)	(185,152)
Unwinding of discount	(2,997)	-
Finance Costs	(504,063)	(991,174)
Net finance income	554,248	1,789,846

7. Taxation

Reconciliation of the tax payable account

	The Group	
	31 Dec 20	31 Dec 19
	N'000	N'000
Opening balance	4,510,936	6,327,649
Reclassified to assets held for sales	-	(1,999,843)
Income tax expense	1,699,438	2,012,630
Write back of over-provision	-	(89,801)
Withholding tax credit notes utilised	(84,563)	(188,845)
Payment during the year	(1,961,910)	(1,550,854)
Closing balance	4,163,901	4,510,936

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8 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	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Profit attributable to ordinary equity holders of the parent:		
Profit from continuing operations	2,447,868	5,345,316
Profit/(loss) from discontinued operations	594,502	(14,601,729)
Profit/(loss) for the period	3,042,370	(9,256,413)

Basic earnings per share

Diluted earnings per share

From continuing operations	85	132
From discontinued operations	21	(315)
From profit for the period	106	(183)

(b) Diluted

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

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9. Property, plant and equipment

Cost:	The Group						Total
	Leasehold land and buildings	Plant and Machinery	Computer Equipment	Motor Vehicles	Office Furniture	Capital Work in progress	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
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 of disposal group held for distribution/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
At 1 January 2020	8,791,199	19,276,743	1,228,370	2,422,286	871,501	588,125	33,178,225
Additions	57,820	990,950	133,560	971,890	61,825	2,212,757	4,428,802
Disposals	-	(250,834)	(6,441)	(316,463)	(5,649)	(3,036)	(582,423)
Transfers	-	-	-	-	1,712	(1,712)	-
Assets held for sale	(213,165)	(362,267)	(10,329)	-	(7,710)	-	(593,471)
Reclassifications	6,861	276,379	-	18,536	-	(304,384)	(2,608)
At 31 December 2020	8,642,715	19,930,971	1,345,160	3,096,250	921,679	2,491,750	36,428,525
Accumulated depreciation and impairment							
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 of disposal group held for distribution/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
At 1 January 2020	1,887,895	9,345,714	1,002,984	1,349,184	660,859	12,000	14,258,637
Charge for the year	274,963	1,206,939	107,884	378,829	49,807	-	2,018,422
Disposals	-	(204,020)	(4,829)	(248,889)	(5,543)	-	(463,281)
Assets held for sale	(24,197)	(301,119)	(5,741)	-	(6,978)	-	(338,035)
At 31 December 2020	2,138,661	10,047,515	1,100,298	1,479,124	698,145	12,000	15,475,743
Net book values:							
At 31 December 2020	6,504,054	9,883,457	244,862	1,617,126	223,534	2,479,750	20,952,782
At 31 December 2019	6,903,304	9,931,029	225,386	1,073,102	210,642	576,125	18,919,587

*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.

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10. Intangible assets and goodwill

	Goodwill	Brands & Trade Marks	Group Software	Capital Work in progress	Total
Cost	N' 000	N' 000	N' 000	N' 000	N' 000
At 1 January 2019	548,747	1,070,185	1,186,039	4,620	2,809,592
Additions - externally acquired during the year	-	-	14,847	-	14,847
At 31 December 2019	548,747	1,070,185	836,150	4,620	2,459,703
At 1 January 2020	548,747	1,070,185	836,150	4,620	2,459,703
Additions - externally acquired during the year	-	-	6,121	-	6,121
Reclassification	-	-	4,620	(4,620)	-
Transfer from Property, plant and equipment	-	-	2,608	-	2,608
At 31 December 2020	548,747	1,070,185	849,499	-	2,468,431
Accumulated amortisation and impairment					
At 1 January 2019	-	288,439	995,497	-	1,283,937
Amortisation for the year	-	-	89,192	-	89,192
Assets of disposal group held for distribution/sale	-	-	(331,029)	-	(331,029)
At 31 December 2019	-	288,439	753,660	-	1,042,100
At 1 January 2020	-	288,439	753,660	-	1,042,100
Amortisation for the period	-	-	53,110	-	53,110
At 31 December 2020	-	288,439	806,770	-	1,095,210
Net book values					
At 31 December 2020	548,747	781,746	42,729	-	1,373,221
At 31 December 2019	548,747	781,746	82,490	4,620	1,417,604

11. Investment property

	The Group		
	Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
Fair value			
At 1 January 2019	690,035	6,506,628	7,196,663
Additions during the year	-	1,590	1,590
Disposals	-	(380,000)	(380,000)
Impairment of investment properties	-	(219,617)	(219,617)
Assets of disposal group held for sale/distribution	(272,300)	(3,926,000)	(4,198,300)
At 31 December 2019	417,735	1,982,601	2,400,336
At 1 January 2020	417,735	1,982,601	2,400,336
Additions during the period	-	393	393
Net gain from fair value adjustments on investment property	-	234,663	234,663
Assets of disposal group held for sale/distribution	-	-	-
At 31 December 2020	417,735	2,217,657	2,635,392

Fair value of investment properties is categorised as follows:

	31-Dec-20	The Group		
		Freehold building N' 000	Leasehold building N' 000	Total investment properties N' 000
Internal valuation		-	-	-
External valuation		417,735	2,217,657	2,635,392
		417,735	2,217,657	2,635,392

Fair value of investment properties is categorised as follows:

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

12. Equity instrument at fair value through other comprehensive income

	The Group	
	31 Dec 20	31 Dec 2019
	N' 000	N' 000
Opening Balance	28,771	47,729
Impairment of financial asset	-	(1,229)
Fair value gain	159,354	-
Write-off	-	(17,729)
Closing balance	188,125	28,771

13. Investment in associates

The Group's investment in associates is on account of MDS Logistics, UACN Property Development Company (UPDC) Plc and UPDC Real Estate Investment Trust (REIT).

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

	The Group	
	31 Dec 20	31 Dec 19
	N'000	N'000
Opening balance	-	20,017,860
Addition	11,973,792	-
Share of profit	1,161,678	584,617
Dividend received	-	(956,371)
UPDC Fair Value Loss on UPDC REIT	-	(12,638,216)
Assets of disposal group held for distribution/sale - UPDC	-	(7,007,890)
Closing balance	13,135,470	-

In December 2020, UPDC obtained the required regulatory approval for the distribution of its investments in UPDC Real Estate Investment Trust (REIT) to its shareholders. Consequently, on 31 December 2020, UAC of Nigeria received 649,392,661 units of UPDC REIT valued at N3.57 billion and representing a 24% shareholding in the UPDC REIT.

The carrying value of each investment in associate is as analysed below

	The Group	
	31 Dec 20	31 Dec 19
	N'000	N'000
MDS Logistics	4,780,984	-
UPDC Plc	4,782,827	-
UPDC REIT	3,571,660	-
	13,135,470	-

	The Group	
	31 Dec 20 N' 000	31 Dec 19 N' 000
14. Debt instrument at amortised cost		
Opening balance	1,991,907	-
Additions during the year	-	2,015,218
Exchange gain on revaluation	213,371	-
ECL -Impairment	-	(23,311)
Closing balance	2,205,278	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.

Risk grading	Bond type	Stage 1 N' 000	Stage 2 N' 000	Stage 3 N' 000	Total N' 000
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	469,496	-	-	469,496
Total		2,228,589	-	-	2,228,589

	Stage 1 N' 000	Stage 2 N' 000	Stage 3 N' 000	Total N' 000
Movement in Expected Credit Loss (ECL)				
Opening balance	23,311	-	-	23,311
New assets purchased	-	-	-	-
Closing balance	23,311	-	-	23,311

	The Group	
	31 Dec 20 N' 000	31 Dec 19 N' 000
15. Right of return assets and refund liabilities		
Right of return assets	14,298	7,384
Refund liabilities		
- Arising from retrospective volume rebates	-	-
- Arising from rights of return	17,129	8,093
	17,129	8,093

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.

16.1. 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	Plant and Machinery	Total
	N' 000	N' 000	N' 000
Opening balance	941,799	174,608	1,116,407
Depreciation expenses	(360,255)	(133,721)	(493,976)
Lease termination	(18,370)	-	(18,370)
Closing balance	581,544	40,887	604,061

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

	The Group	
	31 Dec 20 N' 000	31 Dec 19 N' 000
16.2. Lease Liability		
Opening balance	982,117	1,152,882
Accretion interest	128,283	185,152
Payments	(458,425)	(355,917)
Lease terminated	(18,370)	-
Closing balance	633,605	982,117
Current	360,201	526,623
Non-current	273,404	455,494
	633,605	982,117

17. Inventories

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Raw materials and consumables	16,430,350	12,440,215
Technical stocks and spares	1,503,747	1,655,627
Finished goods and goods for resale	2,145,886	2,194,371
	20,079,983	16,290,212

18. Trade and other receivables

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Receivables due within one year		
Trade receivables	2,740,520	3,126,356
Less: allowance for impairment of trade receivables	(1,185,419)	(1,230,771)
Net trade receivables	1,555,101	1,895,584
Other receivables	2,065,260	1,149,965
Advance payments	4,599	-
WHT receivable	1,037,372	1,070,382
Prepayments - staff grants	65,233	168,084
Prepayments- Other	927,179	731,303
	5,654,744	5,015,319

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	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Prepayments - Current	992,412	899,387
Prepayments - Non-current	48,126	132,960
Total prepayments	1,040,538	1,032,347

The balance on prepayment represent rent and insurance paid in advance which will be charged against earnings in the periods they relate to.

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

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Opening balance	1,230,771	1,693,208
Allowance for receivables impairment	67,556	-
Write back of impairment loss on receivables	(23,907)	(181,754)
Amount written off	(89,001)	-
Assets of disposal group held for distribution/sale	-	(280,683)
Closing balance	1,185,419	1,230,771

19. Cash and cash equivalents

	The Group	
	31 Dec 20 N' 000	31 Dec 19 N' 000
Cash at bank and in hand	1,755,774	5,867,483
Short-term deposits	22,133,966	16,191,616
Expected credit losses on short term deposit	(75,539)	(47,635)
Foreign exchange gain	107,754	-
Cash at banks and short term deposits attributable to discontinued operations	243,811	1,879,671
Cash and short-term deposits	24,165,766	23,891,135

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 **₦3.34 bn** which represents unclaimed dividends received from Africa Prudential Registrars as at 31 December 2020. The Finance Act 2020, which became effective on 1 January 2021, requires public limited liability companies quoted on the Nigerian Stock Exchange to transfer any unclaimed dividend that has remained unclaimed for a period not less than 6 years to the Unclaimed Funds Trust Fund (the "Trust Fund"). However, the modality for complying with this requirement is yet to be communicated by the Debt Management Office.

(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	
	31 Dec 20 N' 000	31 Dec 19 N' 000
Cash and short-term deposits	24,165,766	23,891,135
Balances per statement of cash flow	24,165,766	23,891,135

20. Borrowings

	The Group	
	31 Dec 20 N' 000	31 Dec 19 N' 000
Current borrowings		
Overdrafts due within one year	-	-
Loans due within one year	4,505,315	4,595,937
	4,505,315	4,595,937
Non-current borrowings		
Loans due after one year (i)	-	1,850,583
Total borrowings	4,505,315	6,446,520
Opening balance	6,446,520	24,172,361
Repayment of borrowing during the year	(7,926,033)	(4,393,485)
Initial fair value of grant	-	(59,421)
Additional grant received	(16,104)	-
Interest on loans	372,783	806,022
Interest paid	(311,952)	-
Additions	5,940,101	4,479,255
Liabilities of disposal group held for sale/distribution	-	(18,558,212)
Closing balance	4,505,315	6,446,520

The above borrowings are denominated in Naira

The borrowings are repayable as follows:

	The Group	
	31 Dec 20 N' 000	31 Dec 19 N' 000
Within one year	4,505,315	4,595,937
Between one to two years	-	1,850,583
	4,505,315	6,446,520

(i) Loans due within one year

Bank	Effective Interest Rate	The Group		Maturity date	Security
		31 Dec 20 N' 000	31 Dec 19 N' 000		
Sterling Bank Plc - Agric Loan	5% (8.5%)	1,999,230	175,937	Dec-20	No security
CBN CACS Loan	5% (8%)	-	1,000,000	Nov-20	No security
BOI - Agric Loan	10.9%	-	1,420,000	Dec-20	No security
First Bank of Nigeria Ltd	5.0%	435,203	-	Dec-20	No security
First Bank of Nigeria Ltd - Commercial loan	10.0%	1,993,367	-	Dec-20	No security
FSDH	0.0%	77,515	-	Dec-20	No security
Zenith bank (CBN Maize Aggregation)	5% (10.9%)	-	2,000,000	Dec-20	No security
		4,505,315	4,595,937		

The above borrowings are denominated in Naira

(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
		31 Dec 20 N' 000	31 Dec 19 N' 000	
Facility				
Grand Cereals Ltd: Sterling Bank Plc & BOI - Agric loan	8.5%	-	1,850,583	July, 2020
		-	1,850,583	

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21. Deferred Tax

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

	The Group	2019
	2020	N'000
	N'000	N'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	11,619	11,619
– Deferred tax asset to be recovered within 12 months	-	-
	11,619	11,619
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	3,950,819	4,150,461
– Deferred tax liability to be recovered within 12 months	-	-
	3,950,819	4,150,461
Net Deferred tax (liabilities) / assets	(3,939,200)	(4,138,842)

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

	The Group	2019
	2020	N'000
	N'000	N'000
Opening balance	(4,138,841)	(4,621,286)
(Charged)/ credited to profit or loss	199,641	(98,313)
Closing balance	(3,939,200)	(4,138,841)

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 2019	(5,571)	(52,171)	147,885	-	-	-	90,144
Credited to profit or loss	(92,081)	161,442	(147,885)	-	-	-	(78,525)
At 31 December 2019	(97,652)	109,271	-	-	-	-	11,619
At 1 January 2020	(97,652)	109,271	-	-	-	-	11,619
At 31 December 2020	(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. These tax losses are from subsidiaries 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 and 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 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)	-	(12,464)	786,687	(414,588)	4,150,461
At 1 January 2020	4,032,504	(241,678)	-	(12,464)	786,687	(414,588)	4,150,461
(Credited)/charged to profit or loss	(301,235)	-	-	-	101,593	-	(199,642)
At 31 December 2020	3,731,269	(241,678)	-	(12,464)	888,280	(414,588)	3,950,819

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22. Trade and other payables

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Trade payables	3,547,056	5,003,051
Provision for employee leave	485	77
Defined contribution benefit	56,613	68,698
Other payables	1,049,139	2,360,683
WHT payable	106,420	83,259
VAT payable	360,336	307,951
PAYE payable	50,653	485
Advance from customers	7,681	199,967
Accruals	3,119,745	1,936,137
Total	8,298,128	9,960,310

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.

23. Government Grant

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Opening balance	50,107	-
Amount received during the year	16,104	59,421
Released to the statement of profit or loss	(66,211)	(9,314)
Closing balance	-	50,107
Current	-	50,107
Non-current	-	-
	-	50,107

Government grant relates to government facilities received by Livestock Feeds PLC, at below-market rates of interest. The facilities are meant to assist in the procurement of grains. In the entity, the grant is 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.

24. Contract liabilities

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Opening balance	669,292	268,686
Deferred during the period	1,327,688	461,144
Released to the statement of profit or loss	(263,033)	(60,539)
Closing balance	1,733,947	669,292
Current	1,733,947	669,292
Non-current	-	-
	1,733,947	669,292

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

25. Dividend payable

	The Group	
	31 Dec 20	31 Dec 19
	N' 000	N' 000
Opening balance	5,517,803	5,375,416
Dividend declared	429,260	1,844,029
Dividend paid during the year	(418,532)	(2,073,296)
Statute barred unclaimed dividend/ Statute barred unclaimed dividend writter	-	(206,342)
Unclaimed dividend refunded	566,455	917,917
Assets of disposal group held for distribution/ sale	-	(339,920)
Closing balance	6,094,986	5,517,803

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26. Provisions

The Group	Provisions N'000	Legal claim N'000	Decommissioning liability N' 000	Total N' 000
At 1 January 2020	6,000	89,948	7,387	103,335
Unwinding of discount	-	-	2,996	2,996
Charge to profit or loss	-	99,070	-	99,070
Derecognised on payment	-	(2,500)	(4,027)	(6,527)
Provision write back	-	(500)	-	(500)
Additional provision	-	-	-	-
Exchange difference arising on litigation	-	-	-	-
At 31 December 2020	6,000	186,018	6,356	198,374
Current	6,000	186,018	-	192,018
Non-current	-	-	6,356	6,356
At 1 January 2019	3,000	90,085	10,874	103,958
Unwinding of discount	3,000	-	3,740	6,740
Additional provision	-	-	3,934	3,934
Provision write back	-	-	(11,161)	(11,161)
Exchange difference arising from litigation	-	(137)	-	(137)
31 December 2019	6,000	89,948	7,387	103,335
Current	6,000	89,948	-	95,948
Non-current	-	-	7,387	7,387

Decommissioning liability

UAC Restaurants Limited has a number of leasehold properties converted to Restaurants, which are required by agreements to be restored 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.

27. Share Capital

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

Movements during the period:

	Group Number of shares 000	Amount N' 000
Balance at 1 January 2019	2,881,296	1,440,648
Capitalised during the period	-	-
Issue of new shares	-	-
At 31 December 2019	2,881,296	1,440,648
Capitalised during the period	-	-
At 31 December 2020	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

Fair value reserve

The fair value reserve relates to the cumulative net change in fair value of financial assets measured at fair value through other comprehensive income.

Right issue

UPDC Right Issue: N15.95billion right issue was completed and allotment proposal approved by Securities and Exchange Commission (SEC) on the 20th of April 2020. Related issuance cost of N385.4million was borne by the owners of the company.

Acquisition of shares from Non-controlling interest

Additional investment was made into Portland Paints and Products Nigeria Plc in April 2020 increasing the shareholding of the parent company in the subsidiary to 85.98%.

28. Reconciliation of profit before tax to cash generated from operations

	Notes	Group	
		31 Dec 20 N' 000	31 Dec 2019 N' 000
Profit before tax from continuing operations		5,357,899	7,456,259
Profit/(Loss) before tax from discontinued operations		543,760	(14,696,369)
Adjustment for net finance (income)/costs	6	(554,248)	(1,789,846)
Operating profit		5,347,411	(9,029,956)
Amortisation of intangible assets	5	53,110	89,192
Dividend income		(9,961)	(6,441)
Depreciation charge on property, plant and equipment	5	2,018,422	1,836,774
Depreciation charge on leases	5	493,976	515,051
Write back of statute barred unclaimed dividend		-	(206,342)
Expected credit loss on debt securities		-	23,311
Impairment of loan of Warm Spring Waters Nigeria Limited		-	(652,023)
Expected credit loss writeback		(23,907)	-
Expected credit loss on short term deposits	4	27,904	-
Expected credit loss on financial assets	4	67,556	(181,754)
Effects of exchange rate changes	4	(321,125)	-
Unwinding of government grant	4	(66,211)	(9,314)
Share of profit in associates		(1,161,678)	-
Impairment charges on PPE		-	137,732
Profit on sale of Investment Properties		-	(631,286)
Write off of PPE		-	1,779
Movement in provision		-	(624)
Profit on disposal of subsidiary	29	(2,379,992)	(419,808)
Net fair value losses/(gains) on investment properties		(234,663)	219,617
Profit on sale of tangible PPE	5	(4,370)	(79,129)
Net provision charge	26	98,570	-
Operating cash flows before movements in working capital		3,905,040	(8,393,221)
Movements in working capital:			
Changes in inventories		(3,789,771)	5,894,615
Changes in trade and other receivables and prepayments		(682,803)	(2,177,493)
Changes in contract liabilities		1,064,655	479,643
Changes in trade and other payables		(1,662,183)	2,783,896
Changes in finance lease receivable		(10,375)	-
Changes in right of return asset		(6,914)	532
Changes in refund liability		9,036	(1,074)
Net cash (used in)/ from operations - continuing operations		(1,173,315)	(1,413,101)
Changes in assets and liabilities of disposal group held for distribution/sale		4,196,720	313,173
Net cash from operations - discontinued operations		4,196,720	313,173
Net cash (used in)/ from operations		3,023,405	(1,099,928)

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29. (i) Assets held for sale

Part of a manufacturing facility within the Paints segment is presented as asset held for sale following the commitment of the board on November 2019 to selling the asset, an active plan of sale has commenced and in the judgement of management it is highly probable that the sale will be completed within 12months.

The disposal group are measured in accordance with the applicable accounting policy (IFRS 5) and are no longer depreciated.

	31 Dec 20 N'000
Property, plant and equipment (Note 9)	<u>255,436</u>

29. (ii) Disposal group held for sale and discontinued operations

Disposal group held for distribution to owners

UPDC PLC

UACN entered into a binding agreement to sell 51% of its shareholding in UPDC to Custodian Investment Plc. The first and second tranche of the transaction resulting in a disposal of 51% have been carried out. Consequent to the sale, UACN owns 42.85% of UPDC. Hence, UPDC has been reclassified as an Investment in associate.

Tranche 1

	N'000
Cash consideration	662,591
Transaction charges	(3,524)
Carrying amount of net asset disposed	<u>(744,864)</u>
Loss on disposal	<u>(85,797)</u>

Tranche 2

	N'000
Cash consideration	5,931,601
*Share of net asset of subsidiary	(14,014,745)
Investment in associate	7,316,892
Transaction charges	31,717
Loss on disposal of discontinued operations	<u>(734,535)</u>

Cash proceed from sale as shown in cash flow statement

	N'000
Cash proceed from disposal	6,590,668
Less cash and cash equivalent balance	<u>(2,472,762)</u>
Net cash proceed from disposal	<u>4,117,906</u>

* Total net asset of subsidiary less NCI prior to disposal was N15.79bn, the share attributable to NCI amounted to N1.71bn.

UNICO CPFA Limited (UNICO)

Members of UNICO PFA at an 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 2021.

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 owns 43% of MDS having ceded control. The transaction was concluded in the 2020 financial year, and profit from the disposal of MDS has been reported under IFRS 5 as non current asset held for disposal/distribution and discontinued operations.

	N'000
Cash consideration	866,400
*Share of net asset of subsidiary	(2,377,056)
Investment in associate	<u>4,656,900</u>
Profit on disposal of discontinued operations	<u>3,146,244</u>

Cash proceed from sale as shown in cash flow statement

	N'000
Cash proceed from disposal	866,400
Less cash and cash equivalent balance	<u>(427,451)</u>
Net cash proceed from disposal	<u>438,949</u>

* Total net asset of subsidiary prior to disposal was N4.66bn, the share attributable to NCI amounted to N2.28bn.

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

	UNICO 31-Dec-20 N'000	TOTAL 31-Dec-20 N'000	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	2,920	2,920	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
Deferred tax asset	945	945	-	945	-	945
	3,865	3,865	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	3,865	3,865	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	34,089	34,089	4,510,908	48,952	2639272	7,199,132
Current income tax liabilities	8,004	8,004	115,522	8,004	-	123,526
Interest bearing Loans and Borrowings	-	-	8,215	-	-	8,215
Dividend Payable	-	-	339,920	-	-	339,920
Contract liabilities	-	-	110,767	-	-	110,767
	42,094	42,094	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	42,094	42,094	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:

	MDS	UNICO	UPDC	TOTAL	MDS	UNICO	UPDC	TOTAL
	31-Dec-20	31-Dec-20	31-Dec-20	31-Dec-20	31-Dec-19	31-Dec-19	31-Dec-19	31-Dec-19
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue	-	2,481	436,074	438,555	5,679,952	70,761	2,157,614	7,908,327
Cost of sales	-	-	(369,478)	(369,478)	(4,262,576)	-	(3,035,743)	(7,298,319)
Gross profit	-	2,481	66,596	69,077	1,417,375	70,761	(878,129)	610,007
FV gain on investment properties	-	-	-	-	-	-	57,202	57,202
Loss on disposal of investment properties	-	-	(47,173)	(47,173)	-	-	(96,481)	(96,481)
Other (loss)/income	-	(1,014)	(650,577)	(651,591)	14,197	10,119	34,895	59,211
Selling and distribution expenses	-	-	(53,084)	(53,084)	(45,093)	-	(104,860)	(149,953)
Administrative expenses	-	-	(614,272)	(614,272)	(631,322)	(27,883)	(520,791)	(1,179,996)
Credit loss reversal	-	-	-	-	-	-	239,430	239,430
Guarantee on First Festival Mall Loan	-	-	(775,920)	(775,920)	-	-	-	-
Operating profit/(loss)	-	1,467	(2,074,430)	(2,072,963)	755,157	52,997	(1,268,734)	(460,580)
Finance income	-	-	3,351	3,351	115,438	-	5,376	120,814
Finance cost	-	-	(637,136)	(637,136)	(167,731)	-	(1,730,639)	(1,898,370)
Share of profit of associates and Joint ventures	-	-	-	-	-	-	584,617	584,617
Loss before impairment	-	1,467	(2,708,215)	(2,706,748)	702,864	52,997	(2,409,380)	(1,653,519)
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	-	1,467	(2,708,215)	(2,706,748)	702,864	52,997	(15,309,062)	(14,553,201)
Tax expense:								
Related to pre-tax loss from the ordinary activities for the period	-	-	(74,098)	(74,098)	(360,082)	-	454,722	94,640
Loss after tax	-	1,467	(2,782,313)	(2,780,846)	342,782	52,997	(14,854,340)	(14,458,561)
Profit/(loss) from discontinued operation	3,146,244	-	(126,584)	3,019,660	-	-	(143,168)	(143,168)
Dividend income from discontinued operation	-	-	972,860	972,860	-	-	-	-
Impairment of assets of disposal group held for sale	-	-	(742,012)	(742,012)	-	-	-	-
Profit/(loss) from discontinued operations	3,146,244	1,467	(2,678,049)	469,662	342,782	52,997	(14,997,508)	(14,601,729)
Other Comprehensive income								
Total comprehensive income/(loss) for the period net of tax	3,146,244	1,467	(2,678,049)	469,662	342,782	52,997	(14,997,508)	(14,601,729)

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

UPDC provided a Revenue Guarantee of \$2million (Two Million Dollars) for a loan taken by First Festival Mall Ltd, a Joint Venture. The loan has fallen due and First Festival Mall Ltd. was not able to repay. As a result of this, the lender called on the guarantee in May 2020. A provision has been made for this guarantee to the tune of \$2million (Two Million Dollars) at the exchange rate of N1 - \$387.96.