



**UAC of Nigeria PLC**  
**Audited Consolidated and Separate Financial Statements for the Year**  
**ended 31 December 2020**

**UAC of Nigeria PLC**  
**Audited consolidated and separate financial statements**  
**for the year ended 31 December 2020**

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## UAC of Nigeria PLC

### Certification pursuant to section 60(2) of Investment and Securities Act No. 29 of 2007, and section 405(1) of Companies and Allied Matters Act, 2020

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

- (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; and
  - (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.



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



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Funke Ijaiya-Oladipo  
Group Chief Financial Officer  
FRC/2021/001/00000022822

## **UAC of Nigeria PLC**

### **Statement on Investor Relations**

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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](mailto:investorrelations@uacnplc.com); or telephone on: +234 906 269 2908 for any investment related enquiry.

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**Corporate Information**

**Board of Directors**

Mr. Daniel Owor Agbor	Non-Executive Chairman
Mr. Folasope Babasola Aiyesimoju	Group Managing Director
Dr. Vitus Chidiebere Ezinwa	Chief Operating Officer
Dr. Umaru Alka	Non-Executive Director
Mrs. Suzanne Olufunke Iroche	Independent Non-Executive Director
Mr. Babatunde Oladele Kasali	Non-Executive Director
Dr. Okechukwu John Mbonu	Non-Executive Director
Mr. Karl Olutokun Toriola	Independent Non-Executive Director
Mr. Bolaji Adekunle Odunsi	Non-Executive Director
Mr. Ibikunle Ibiyinka Oriola	Group Finance Director Resigned w.e.f. 31 December, 2020

**Company Secretary/Legal Adviser**

Nkemdirim Agboti

**Registered Office**

UAC House,  
1-5 Odunlami Street,  
Marina, Lagos

**Company Website**

[www.uacnplc.com](http://www.uacnplc.com)

**Independent Auditors**

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

**The Registrar**

Africa Prudential PLC  
220B Ikorodu Road,  
Palmgrove,  
Lagos

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**Financial Highlights to the Audited Consolidated and Separate Financial Statements**

	Group			Company		
	2020 N'000	2019 N'000	% change	2020 N'000	2019 N'000	% change
Revenue	81,357,960	79,202,140	3	758,447	758,761	(0)
Operating profit/(loss)	3,597,309	5,666,413	(37)	(3,497,470)	(667,349)	424
Net finance income	550,220	1,789,846	(69)	1,435,793	2,641,095	(46)
Profit/(loss) before tax	5,120,845	7,456,259	(31)	(2,061,677)	1,973,746	n/m
Income tax expense	(1,662,581)	(2,110,943)	21	(413,909)	(489,599)	15
Profit/(loss) after tax for the year from continued operations	3,458,264	5,345,316	(35)	(2,475,586)	1,484,147	n/m
Profit/(loss) after tax for the year from discontinued operations	469,662	(14,601,729)	n/m	-	-	-
Profit/(loss) for the year	3,927,926	(9,256,413)	n/m	(2,475,586)	1,484,147	n/m
Other comprehensive income/(loss) for the year net of tax	230,814	(1,229)	n/m	159,354	(1,229)	n/m
Total comprehensive income/(loss) for the year net of tax	4,158,740	(9,257,642)	n/m	(2,316,232)	1,482,918	n/m
Total equity	61,371,865	60,541,412	1	37,167,070	39,771,431	(7)
Total equity and liabilities	92,166,559	107,595,263	(14)	46,679,401	48,987,189	(5)
Cash and cash equivalents	24,272,314	23,891,135	2	14,803,765	8,126,164	82
Earnings/(loss) per share (kobo) - Basic	92	(183)	n/m	(86)	52	n/m
Dividend per share (kobo) - Proposed/actual	120	10	1100	120	10	1100
NSE quotation as at December 31 (kobo)	725	860	(16)	725	860	(16)
Number of shares in issue ('000)	2,881,296	2,881,296	-	2,881,296	2,881,296	-
Market capitalisation as at December 31 (N'000)	20,889,396	24,779,146	(16)	20,889,396	24,779,146	(16)

*n/m - Not meaningful*

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**Directors' Report**

The Directors have pleasure in submitting the annual report together with the audited consolidated and separate financial statements of UAC of Nigeria PLC for the year ended 31st December 2020.

**Profit/(loss) for the year**

	2020	2019
	₦'000	₦'000
Group profit /(loss) for the year	3,927,926	(9,256,413)

**Dividend**

In view of the results, the Directors have recommended the payment of an ordinary dividend of 65 kobo per ordinary share and a special dividend of 55 kobo per ordinary share to members. Resolutions 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: Animal Feeds and other Edibles, Paints, Packaged Food and Beverages, Quick Service Restaurants, Real Estate, and Logistics.

**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; and applicable statutory provisions as may be amended from time to time, such as the Companies and Allied Matters Act 2020, the Investment and Securities Act No. 29 of 2007, the Securities and Exchange Commission's Code of Corporate Governance for Public Companies of 2011, the Nigerian Code of Corporate Governance of 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.

As at the time of this report, the Board of Directors of UAC of Nigeria PLC is made up of seven (7) Non-Executive Directors and two (2) Executive Directors. The Board is headed by a Non-Executive Chairman who is separate from the Group Managing Director who heads the 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 Aiyesimaju	Group Managing Director
Dr. Vitus C Ezinwa	Chief Operating Officer
Dr. Umaru Alka	Non-Executive Director
Mrs. Suzanne O Iroche	Independent Non-Executive Director
Mr. Babatunde O Kasali	Non-Executive Director
Dr. Okechukwu Mbonu	Non-Executive Director
Mr. Karl O Toriola	Independent Non- Executive Director
Mr. Bolaji A Odunsi	Non- Executive 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 contributions to Board deliberations.

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

- Formulation of Company policy and strategy, as well as oversight of the management and conduct of the business;
- Formulation and oversight of the Company's risk management framework;
- Succession planning and the appointment, training, remuneration and replacement of Board members and senior management;
- Oversight of the effectiveness and adequacy of internal control systems;
- Oversight of the maintenance of the Company's communication and information dissemination policies;
- Performance appraisals and compensation for Board members and senior executives;
- Ensuring effective communication with shareholders and the investing public;
- Ensuring the integrity of financial controls and reports;
- Ensuring ethical standards are maintained including approving and enforcing a code of ethics and business practices for the Company, employees and Directors;
- Ensuring compliance with the Company's Memorandum and Articles of Association, applicable laws, regulations, standards and the Nigerian Code of Corporate Governance 2018;
- Defining the scope of authority delegated to Board Committees and senior management, including relevant checks and balances; and
- Defining the scope of corporate social responsibility through the approval of relevant policies.

**Gender diversity and proportion of women in UAC of Nigeria PLC**

UAC of Nigeria PLC is committed to ensuring equal working opportunities within the organisation across genders. There is strong female representation within middle and senior management as well as at board level across the UAC group.

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**Board appointment process, induction and training of board members**

The Governance & Remuneration Committee oversees the process for recommending candidates to fill positions on the Board. The process for appointing Directors involves determining the need to appoint an additional Director, either to fill a vacancy or otherwise. 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 the 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 requirements. A third of members of the Board retire by rotation at Annual General Meetings.

**Directors' induction and training**

Every newly appointed non-executive director receives a comprehensive letter of appointment from the Company, while Executive Directors execute negotiated and agreed contracts of service. Letters of appointment spell out terms of reference of the Board and its Committees, the Board structure, Board Plan for current year, remuneration, and demands on his/ her time, and disclosure requirements. Letters of appointment are accompanied by orientation packs containing relevant Company documents and policies such as the Memorandum and Articles of Association of the Company; the latest Annual Report and Accounts of the Company; the Securities and Exchange Commission's Code of Corporate Governance for Public Companies; the Nigerian Code of Corporate Governance; the Company's Code of Business Conducts; and major policies of the Company approved by the Board. Board and Board Committee minutes are made available to new Directors to help them gain insight into the key deliberations of the Board in the preceding year. In addition, newly appointed Directors are informed of the UAC legacy, core values and business verticals; corporate governance framework; fiduciary duties of Directors; the Company's ethics and policies; the Company's delegation of authority framework; risk management; investor relations; and performance and talent management at the Company. They are also given an overview of the budget.

Furthermore, Directors are introduced to Executive Management who provide insight regarding the Company's operations.

Periodic training programmes are also organized for Board members from time to time.

**Board Evaluation**

DCSL Corporate Services Limited ("DCSL") is currently carrying out an evaluation of the performance of the Board of Directors of UAC of Nigeria PLC for the year ended December 31 2020. This ongoing evaluation exercise is subsequent to the last external evaluation carried out in respect of the year 2018, in which DCSL concluded that "save for the highlighted gaps as can be seen in our report, the Board of Directors of UAC of Nigeria PLC substantially complied with corporate governance procedures and processes as stipulated in the Securities and Exchange Commission's Code of Corporate Governance and the Nigerian Code of Corporate Governance. Our review of corporate governance documents indicate that the Board is aware of its oversight function and remains apprised of its duty of ensuring the entrenchment 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 has, since its last external Board evaluation, implemented DCSL's recommendations in order to entrench corporate best practice.

**Directors standing for re-election**

Two Directors shall stand for re-election at the next Annual General Meeting of the Company, in accordance with the provisions of the Companies and Allied Matters Act. The two Directors to stand for re-election are listed below:

**Mr. Daniel Agbor**, the Chairperson of the Board; and  
**Mr. Bolaji Odunsi**, a member of the Risk Management and Statutory Audit Committees of the Company.

The two Directors listed above are willing to offer themselves for re-election. The Board is pleased with their services in the past year, and will recommend their re-election to the shareholders of the Company.

**Board meetings**

The Board met seven (7) times during the 2020 financial year. The following table shows the attendance of Directors at the Board Meetings:

**Attendance of directors at 2020 board meetings**

Directors	19/2/2020	25/3/2020	10/4/2020	29/4/2020	29/7/2020	21/10/2020	9/12/2020
Mr. Daniel Agbor	P	P	P	P	P	P	P
Dr. Okechukwu Mbonu	P	P	P	P	P	P	P
Mr. Babatunde Kasali	P	P	P	P	P	P	P
Dr. Umaru Alka	P	P	P	P	P	P	P
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 (resigned w.e.f 31/12/20)	P	P	P	P	P	P	P
Mrs. Suzanne Iroche	P	P	P	P	P	P	P
Mr. Karl Toriola	P	P	P	P	P	P	AWA

Keys:

P – Present

AWA - Absent With Apology



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**Composition of Board Committees**

The Board functioned through two Board Committees, namely, its Risk Management Committee; and its Governance and Remuneration Committee during the 2020 financial year. Board Committees make recommendations for approval by the full Board.

**1. The Risk Management Committee**

The Risk Management Committee comprised 6 members, three being Non-Executive Directors and three being Executive Directors. The Committee is chaired by Mr. Bolaji Odunsi, a Non-Executive Director, and with effect from December 31 2020, as a result of the resignation of Mr. Ibikunle Oriola, the Committee includes only two Executive Directors.

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

- a) Making recommendations to the Statutory Audit Committee of the Company regarding appointment of Independent Auditors;
- b) Assessing the independence of the Company's designated Independent Auditors;
- c) Understanding the principal risks to achieving the Company's objectives;
- d) Overseeing the establishment of a management framework that defines the Company's risk policy, risk appetite, and risk limits;
- e) Ensuring that the Company's business profile and plans are consistent with the Company's risk appetite;
- f) Assisting the Board in overseeing risk management, and monitoring the Company's performance in relation to risk management;
- g) Periodically reviewing the key controls, processes, and practices of the Company, including limit structure;
- h) Monitoring, reviewing and challenging all aspects of the Company's profile, and key risk management practices;
- i) Periodically evaluating the Company's risk profile, action plans to manage substantial risks, and progress on the implementation of these plans;
- j) Monitoring risk management policies to ensure they are integrated into the Company's culture;
- k) Reviewing quarterly risk management reports, and making recommendations to the Board on appropriate actions;
- l) Ensuring the Company's risk exposures are within risk control approval limits;
- m) Assessing new risk-return opportunities;
- n) Undertaking at least annually, a thorough risk assessment covering all aspects of the Company's business and using the results of the risk assessment to update the risk management framework of the Company;
- o) Reviewing the structure for, and implementation of, risk measurement and reporting standards, as well as, methodologies;
- p) Ensuring disclosure of the Company's risk management policies and practices in the Company's Annual Report;
- q) Reviewing UAC management's updates on implementation levels of internal and external auditor's recommendations;
- r) Recommending for Board approval, the appointment of an Internal Audit Service Provider;
- s) Periodically evaluating the performance of UAC's Internal Audit Service Provider and making recommendations to the Board;
- t) Periodically reviewing the adequacy of the resources with which the Internal Audit and Risk management functions discharge their duties;
- u) Overseeing the establishment of Whistle Blowing procedures;
- v) Overseeing UAC's policies and processes regarding financial reporting;
- w) Overseeing UAC's treasury reporting, including cash forecasting;
- x) Reviewing the Group's operational performance;
- y) Making recommendations to the Board on capital expenditure and specific projects and their financing within the overall approved plan;
- z) Making recommendations on the management of UAC's cash and debt exposure / borrowings; and
- aa) Monitoring compliance with applicable laws and regulations.

The Committee met five (5) times during the 2020 financial year. The following table shows the attendance of committee members at the meetings.

Directors	24/3/2020	28/4/2020	28/7/2020	19/10/2020	29/10/2020
Mr. Babatunde Kasali	P	P	P	P	P
Mr. Folasope Aiyesimoju	P	P	P	P	P
Mr. Bolaji Odunsi	P	P	P	P	P
Dr. Vitus Ezinwa	P	P	P	P	P
Mr. Karl Toriola	P	P	P	P	P
Mr. Ibikunle Oriola (resigned w.e.f. 31/12/20)	P	P	P	P	P

Keys:

P – Present

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**2. The Governance and Remuneration Committee**

The Governance and Remuneration Committee comprises three members who are all Non-executive Directors. During the first half of the year the Committee was chaired by Mr. Daniel Agbor, the Chairperson of the Board. In compliance with the provisions of the Nigerian Code of Corporate Governance, Mr. Daniel Agbor resigned from serving the Committee, and Mrs. Suzanne Iroche, an Independent Non-Executive Director of the Company, was appointed Chairperson of the Committee with effect from July 29 2020. The Group Managing Director and the 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:

- Review the structure, size, composition, and commitment of the Board at least annually, and make recommendations on any proposed changes to the Board;
- Drive a formal and transparent process for Board appointments;
- Assess the contributions of current Board members and their suitability to be nominated for re-election, and making appropriate recommendations to the Board;
- Identify individuals suitably qualified to become Board members and make recommendations to the Board for their nomination and appointment;
- Periodically determine the skills, knowledge and experience required on the Board and its committees;
- Ensure that the Company has a formal programme for the induction and training of Board members;
- Ensure that the Company has a succession policy, and plan in place for the Chairman of the Board, the Group Managing Director, and all other Executive Directors, and Non-Executive Directors, to ensure leadership continuity;
- Apply the Company's Remuneration Policy to executive management, and performance evaluation;
- Adopt incentive plans, and various governance responsibilities related to remuneration;
- Recommend to the Board a Company remuneration structure for all Directors and executive management; and
- Ensure the periodic review of the Board Charter, the Board Committee Charters, and other governance policies, including the Company's Code of Business Conduct, the Company's Conflict of Interest Policy, and the Company's Whistleblowing Policy.

**Committee Meetings**

The Governance and Remuneration Committee met five (5) times in 2020. The following table shows the attendance of committee members at the meetings.

Directors	19/2/2020	25/3/2020	27/7/2020	21/10/2020	9/12/2020
Mr. Daniel Agbor	P	P	P	NLM	NLM
Dr. Okechukwu Mbonu	P	P	P	P	P
Dr. Umaru Alka	P	P	P	P	P
Mrs Suzanne Iroche	P	P	P	P	P

Key: -

P - Present

NLM - No Longer A Member

**The Statutory Audit Committee**

The Statutory Audit Committee consists of five members, made up of three representatives of shareholders elected at the previous Annual General Meeting for a tenure of one year; and two representatives of the Board of Directors nominated by the Board. The Chairperson of the Committee is Mr. Olabisi Fayombo, a Chartered Accountant, lawyer, and shareholder representative. The Company Secretary is the Secretary to the Committee. In 2020 the Committee included three Non-executive Directors, but the Companies and Allied Matters Act 2020, provides that the number of Non-executive Directors in the Committee shall be two. With effect from January 1 2021, the number of Non-executive Directors in the Committee stands at two. Meetings of the Committee were attended by representatives of KPMG Professional Services Limited, our outsourced Internal Audit Service Provider; and Ernst & Young, our Independent External Auditors. The Committee operates within the provisions of the Companies and Allied Matters Act; the Securities and Exchange Commission's Code of Corporate Governance for Public Companies; the Nigerian Code of Corporate Governance; and the Audit Committee Charter.

The Statutory Audit Committee met four (4) times during the 2020 financial year. The following table shows attendance of members at the meetings.

Members	24/3/2020	28/4/2020	28/7/2020	29/10/2020
Mr. Olabisi Fayombo	P	P	P	P
Mr. Nwosu Kenneth N.	P	P	P	P
Mr. Matthew Akinlade	P	P	P	P
Mr. Babatunde Kasali	P	P	P	P
Mr Bolaji Odunsi	P	P	P	P
Mr Karl Toriola	P	P	P	P

Keys:

P – Present

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**Terms of Reference of the Statutory Audit Committee**

The following are the terms of reference of the Committee:

- a) Ensure that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- b) Review the scope and planning of audit requirements;
- c) Keep under review the effectiveness of the Company's system of accounting and internal control;
- d) Make recommendations to the Board regarding the appointment, removal and remuneration of the external auditors of the Company;
- e) Make recommendations to the Board of Directors of the Company regarding the removal of the head of the internal audit function of the Company, or regarding a change in internal audit service provider where internal audit services are outsourced;
- f) Authorise the internal auditor of the Company to carry out investigations into any activities of the Company which may be of interest or concern to the Audit Committee;
- g) Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, and compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;
- h) Ensure the establishment of, and exercise oversight over, the internal audit function which provides assurance on the effectiveness of the internal controls;
- i) Ensure the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;
- j) Oversee the process for the identification of fraud across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- k) Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;
- l) Maintain oversight of financial and non-financial reporting;
- m) Review and ensure that adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarised and presented to the Board of Directors;
- n) Approve a policy on the nature, extent and terms under which the external auditors may perform non-audit services, and review the independence of the external auditors prior to their appointment to perform non-audit services;
- o) Preserve auditor independence, by approving clear hiring policies for employees or former employees of external auditors; and
- p) Ensure the development of a Related Party Transactions policy and monitor its implementation by management. The Audit Committee should consider any related party transaction that may arise within the Company.

**Control Environment**

The Board Risk Management Committee reviews the risk environment of the Company at its quarterly meetings and ensures that internal audit, external audit, and risk and compliance recommendations are fully implemented. A Fraud Policy is in place to promote consistent organizational behavior by providing guidelines, and assigning responsibilities for the deployment of controls, and the conduct of investigations. The fraud policy is complemented by a Sanctions Grid which the Board strongly enforces to provide 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 outsourced internal audit and whistle-blowing services from KPMG Professional Services Limited.

**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 other 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 Nigerian Stock Exchange. 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 of 2020.

**Shareholders Complaints Management Policy**

We have put in place a Complaints Management Policy to handle and resolve complaints from our shareholders. The Policy was defined and is 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**

<b>Name</b>	<b>Designation</b>	<b>Years in service</b>
Mr. Daniel O Agbor	Non-Executive Chairman	5 years 4 months
Mr. Folasope B Aiyesimoju	Group Managing Director	3 years
Dr. Vitus C Ezinwa	Chief Operating Officer	2 years 5 months
Dr. Umaru Alka	Non-Executive Director	8 years
Mrs. Suzanne O Iroche	Independent Non-Executive Director	1 year 8 months
Mr. Babatunde O Kasali	Non-Executive Director	8 years
Dr. Okechukwu Mbonu	Non-Executive Director	5 years 4 months
Mr. Karl O Toriola	Independent Non-Executive Director	1 year 3 months
Mr. Bolaji A Odunsi	Non- Executive Director	2 years 5 months
Mr. Ibikunle I Oriola	Group Finance Director	1 year 9 months (Resigned w.e.f December 31, 2020)

**Consultants and Professional Advisers**

<b>Name</b>	<b>Services</b>	<b>Tenure</b>
KPMG	Internal Audit Service Provider	7 years (Appointed 2014)
Ernst & Young	Independent Auditor	6 years (Appointed 2015)
KPMG	Whistle Blowing Ethics Lines	6 years (Appointed 2015)
DCSL Corporate Services Limited	Board Appraisal	2 years (Appointed 2019)
Deloitte	Tax Advisory and Consultancy	1 year (Appointed 2020)

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Directors' Interest in Shares

Name	Wednesday, April 15, 2020		Tuesday, March 30, 2021	
	Direct holdings	Indirect holdings	Direct holdings	Indirect holdings
Mr. Daniel Owor Agbor	Nil	31,557,498	Nil	35,000,000
Mr. Folasope Babasola Aiyesimoju	31,569	279,398,403	31,569	334,498,403
Dr. Vitus Ezinwa	220,000	Nil	361,174	Nil
Dr. Umaru Alka	8,109	Nil	Nil	Nil
Mrs. Suzanne Olufunke Iroche	Nil	Nil	Nil	Nil
Mr. Babatunde Oladele Kasali	10,000	Nil	10,000	Nil
Dr. Okechukwu John Mbonu	2,103,344	Nil	2,603,344	Nil
Mr. Karl Olutokun Toriola	Nil	Nil	Nil	Nil
Mr. Bolaji Odunsi	Nil	Nil	Nil	Nil
Mr. Ibikunle Ibiyinka Oriola (Resigned w.e.f. 31 December, 2020)	21,159	Nil	N/A	N/A

Directors' Interest in Contracts

Some of the Directors gave notices for the purposes of Section 303 of the Companies and Allied Matters Act 2020, to the effect that they are directors/partners of entities which could be regarded as interested, or potentially interested, in contracts with the Company.

Mr. Daniel Agbor is the Senior Partner of the law firm Udo Udoma & Bello-Osagie, which renders legal services to the Company from time to time.

Mr. Folasope Aiyesimoju is a partner in AM&P, which provided consultancy services to the Company in 2020.

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 agree to abide by the provisions of the Company's Code of Business Conduct. This is done on an annual and on-going basis.

The highlights of our human resource policies and internal management structure, including relations with employees, and other workplace development initiatives will be included in our 2020 Annual Report.

The highlights of sustainability policies and programmes covering social issues such as corruption; community service; environmental protection; serious diseases; and matters of general environmental, social, and governance (ESG) initiatives will be included in our 2020 Annual Report.

Cases of Claw Back Being Pursued by the Company

The Company has a Severance Payment policy with claw back provisions for its recently exited Executive Directors, however there is currently no situation triggering the implementation of this policy.

Regulatory Sanctions and Penalties

UAC of Nigeria PLC did not incur any fine or penalty by any Regulator in the 2020 financial year, and indeed up to the reporting date.

Compliance with Code of Corporate Governance

The Company has fully complied with the provisions of the Securities and Exchange Commission's Code of Corporate Governance for Public Companies, and continues implementation of the provisions of the Nigerian Code of Corporate Governance.

  
**Nkemdirim Agboti, Esq.\***  
Company Secretary

*The Financial Reporting Council of Nigeria (FRC), through a letter dated 15 January 2021, granted a waiver which allows the Company Secretary to sign the Directors' report for the year ended 31 December 2020 without indicating any FRC registration number.*

**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 Group and 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 Group and Company with respect to the financial statements.

In accordance with the provisions of the Section 377 of the Companies and Allied Matters Act, 2020 (CAMA 2020), the Directors are responsible for the preparation of annual financial statements, which give a true and fair view of the Group and Company for the Financial Year.

The responsibilities include ensuring that:

- a) Appropriate internal controls are established both to safeguard the assets of the Group and Company to prevent and detect fraud and other irregularities;
- b) The Group and Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which ensure that the financial statements comply with the requirements of the Companies and Allied matters Act;
- c) The Group and Company have 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 Group and Company will continue in business.

The consolidated and separate financial statements of the Group and Company for the year ended 31st December 2020 were approved by the Directors on 30 March 2021.

Signed on behalf of the Directors of the Company



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



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


**UAC of Nigeria PLC**  
**Audited consolidated and separate financial statements**  
**for the year ended 31 December 2020**

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

In compliance with Section 404(7) of the Companies and Allied Matters Act (CAMA) 2020, we have reviewed the Consolidated and Separate audited Financial Statements of the Group and Company for the year ended 31<sup>st</sup> December 2020 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  
Chairman, Audit Committee  
FRC/2013/ICAN/00000002883

Dated 26<sup>th</sup> day of March, 2021

**Members of the Committee**

Mr. Olabisi Fayombo  
Mr. Matthew Akinlade  
Mr. Kenneth Nnabike  
Mr. Babatunde Kasali  
Mr. Boleji Odunsi

Chairman  
Member  
Member  
Member  
Member

**Secretary**  
Nkemdirim Agboli, 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 ("the Company") and its subsidiaries (together "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, 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 the Group and the Company as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

##### ***Basis for Opinion***

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

##### ***Key Audit Matters***

Key audit matters are those matters that, in our professional 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><b>Assessment of Goodwill impairment</b></p> <p>The goodwill balance of ₦548.7 million, principally relates to the acquisitions of Portland Paints &amp; 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 14 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"> <li>• Key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, and economic forecasts; and</li> <li>• The discount rates by independently estimating a range based on market data.</li> </ul> <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><b>Impairment assessment of financial asset</b></p> <p>IFRS 9- financial instrument which covers financial assets requires that financial assets are assessed for impairment using the Expected Credit Loss (ECL) model that will lead to timely recognition of expected losses.</p> <p>The Group is required to regularly assess the recoverability of its receivables. This involves judgment as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions as well as the time value of money.</p> <p>An "expected loss" focuses on the risk that a debtor will default in payment rather than whether a loss has been incurred.</p> <p>As at 31 December 2020, the Group had financial assets of N30 billion and impairment of N1.3 billion.</p> <p>The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgment applied by management in determining the impairment allowance.</p> <p>At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and Expected Credit losses (ECLs) is a significant estimate.</p> <p>Based on our application of the ECL model on the Group's financial asset, an impairment allowance of N1.3billion was calculated and recognized as at 31 December 2020.</p> <p>Due to significance of financial assets and the related estimation uncertainty, this is considered a key audit matter.</p> <p>The disclosure of impairment is set out in Note 3 to the consolidated and separate financial statements.</p>	<p>-We reviewed IFRS 9 models prepared by the management for computation of impairment on receivables in line with the requirements of IFRS 9.</p> <p>-We reviewed the grouping of receivables based on the number of days, debts became past due.</p> <p>-We tested the historical accuracy of the model by assessing historical projections versus actual losses.</p> <p>-We analysed historical credit loss with a view to identifying which portion of receivables remain unpaid during the year to enable us to determine the default rate.</p> <p>-We engaged our internal specialist to perform independent recalculation of the impairment provision.</p> <p>-The review of other areas of complexities which includes incorporating forward looking information such as macro-economic indicators that includes inflation rates, exchange rates, unemployment rate, Gross Domestic Products (GDP) etc. These macro-economic indicators were equally challenged available information in the public domain.</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**

#### ***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, 2020 and Corporate Governance Report as required by Securities and Exchange Commission, 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 2020 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**

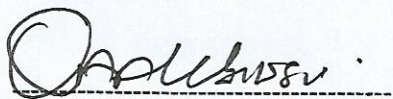
**Report on the Audit of the Consolidated and Separate Financial Statements - Continued**

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 fifth Schedule of the Companies and Allied Matters Act, 2020, 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.

  
Omolola Alebiosu, FCA  
FRC/2012/ICAN/00000000145  
For: Ernst & Young  
Lagos, Nigeria



31 March 2020

**UAC of Nigeria PLC**
**Audited Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31 December 2020**

		The Group 31 Dec 20 N'000	31 Dec 19 N'000	The Company 31 Dec 20 N' 000	31 Dec 19 N' 000
	Notes				
<b>Continuing operations</b>					
Revenue	5	81,357,960	79,202,140	758,447	758,761
Cost of sales	8	(65,367,532)	(62,575,242)	-	-
<b>Gross profit</b>		<b>15,990,428</b>	<b>16,626,898</b>	<b>758,447</b>	<b>758,761</b>
Dividends income	6	9,675	6,441	349,695	2,296,398
Other operating income	7i	1,228,233	2,355,961	1,404,295	1,676,090
Other operating losses	7ii	(140,797)	(297,223)	(3,547,999)	(3,462,569)
Selling and distribution expenses	8	(5,776,661)	(6,453,097)	-	-
Administrative expenses	8	(7,713,569)	(6,572,567)	(2,461,908)	(1,936,029)
<b>Operating profit/(loss)</b>		<b>3,597,309</b>	<b>5,666,413</b>	<b>(3,497,470)</b>	<b>(667,349)</b>
Finance income	9	1,052,050	2,781,020	1,435,793	2,641,095
Finance cost	9	(501,830)	(991,174)	-	-
<b>Net finance income</b>		<b>550,220</b>	<b>1,789,846</b>	<b>1,435,793</b>	<b>2,641,095</b>
Share of profit of associates and joint venture using the equity method	18	973,316	-	-	-
<b>Profit/(loss) before tax</b>		<b>5,120,845</b>	<b>7,456,259</b>	<b>(2,061,677)</b>	<b>1,973,746</b>
Income Tax Expense	10	(1,662,581)	(2,110,943)	(413,909)	(489,599)
<b>Profit/(loss) after tax for the year from continuing operations</b>		<b>3,458,264</b>	<b>5,345,316</b>	<b>(2,475,586)</b>	<b>1,484,147</b>
<b>Discontinued operations</b>					
Profit/(loss) after tax for the year from discontinued operations	36	469,662	(14,601,729)	-	-
<b>Profit/(loss) for the year</b>		<b>3,927,926</b>	<b>(9,256,413)</b>	<b>(2,475,586)</b>	<b>1,484,147</b>
<b>Other comprehensive income:</b>					
<i>Items not to be subsequently recycled to profit or loss</i>					
Net changes in fair value of financial assets	17	159,354	(1,229)	159,354	(1,229)
Share of other comprehensive income of associates and joint venture using the equity method		71,460	-	-	-
<b>Other comprehensive income/(loss) for the year net of tax</b>		<b>230,814</b>	<b>(1,229)</b>	<b>159,354</b>	<b>(1,229)</b>
<b>Total comprehensive income/(loss) for the year net of tax</b>		<b>4,158,740</b>	<b>(9,257,642)</b>	<b>(2,316,232)</b>	<b>1,482,918</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the parent		2,651,431	(5,307,933)	(2,475,586)	1,484,147
Non controlling interests		1,276,495	(3,948,480)	-	-
		<b>3,927,926</b>	<b>(9,256,413)</b>	<b>(2,475,586)</b>	<b>1,484,147</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the parent		2,882,245	(5,309,162)	(2,316,232)	1,482,918
Non controlling interests		1,276,495	(3,948,480)	-	-
		<b>4,158,740</b>	<b>(9,257,642)</b>	<b>(2,316,232)</b>	<b>1,482,918</b>
Earnings per share attributable to owners of the parent during the year (expressed in Naira per share):					
<b>Basic earnings/(loss) per share</b>					
From continuing operations	12	71	132	(86)	52
From discontinued operations	12	21	(315)	-	-
From profit/(loss) for the year		92	(183)	(86)	52
<b>Diluted earnings/(loss) per share</b>					
From continuing operations	12	71	132	(86)	52
From discontinued operations	12	21	(315)	-	-
From profit/(loss) for the year		92	(183)	(86)	52

UAC of Nigeria PLC

**Audited Consolidated and Separate Statement of Financial Position**  
as at 31 December 2020

as at 31 December 2020		The Group		The Company	
	Notes	31 Dec 20 N' 000	31 Dec 19 N' 000	31 Dec 20 N' 000	31 Dec 19 N'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	21,011,834	18,919,587	888,144	699,102
Intangible assets and goodwill	14	1,373,223	1,417,604	10,034	10,203
Investment property	15	2,634,999	2,400,336	2,331,287	2,096,624
Investments in associates and joint ventures	18	13,018,568	-	8,886,167	-
Finance lease receivable	23.1	8,766	-	-	-
Right of use assets	21	488,989	1,116,407	-	-
Debt instrument at amortised cost	19	2,174,304	1,991,907	2,174,304	1,991,907
Equity instrument at fair value through other comprehensive income	17	188,125	28,771	188,125	28,771
Investments in subsidiaries	16	-	-	14,615,951	14,563,767
Prepayment	23	48,126	132,960	48,126	131,191
Deferred tax asset	26	38,653	11,619	-	-
<b>Total non-current assets</b>		<b>40,985,587</b>	<b>26,019,191</b>	<b>29,142,138</b>	<b>19,521,565</b>
<b>Current assets</b>					
Inventories	22	20,123,071	16,290,212	3,602	3,602
Trade and other receivables	23	6,500,290	5,015,319	2,599,896	17,677,438
Finance lease receivable	23.1	1,606	-	-	-
Cash and cash equivalents	24	24,272,314	23,891,135	14,803,765	8,126,164
Refund asset	20	14,330	7,384	-	-
<b>Total current assets</b>		<b>50,911,611</b>	<b>45,204,050</b>	<b>17,407,263</b>	<b>25,807,204</b>
Non-current asset held for sale	36	265,496	-	130,000	3,658,420
Assets of disposal group classified as held for sale/distribution to owners	36	3,865	36,372,022	-	-
<b>Total assets</b>		<b>92,166,559</b>	<b>107,595,263</b>	<b>46,679,401</b>	<b>48,987,189</b>
<b>Equity and Liabilities</b>					
Ordinary share capital	32	1,440,648	1,440,648	1,440,648	1,440,648
Share premium		18,071,545	18,451,844	18,509,120	18,509,120
Contingency reserve		69,571	69,571	-	-
Fair value reserve		258,584	27,770	187,124	27,770
Statutory reserve		91,923	91,923	-	-
Retained earnings		32,710,006	29,997,824	17,030,178	19,793,893
<b>Equity attributable to equity holders of the Company</b>		<b>52,642,277</b>	<b>50,079,580</b>	<b>37,167,070</b>	<b>39,771,431</b>
<b>Non controlling interests</b>		<b>8,729,588</b>	<b>10,461,832</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>61,371,865</b>	<b>60,541,412</b>	<b>37,167,070</b>	<b>39,771,431</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	25	1,735,284	1,850,583	-	-
Government grant	28	209,040			
Deferred tax liabilities	26	4,486,338	4,150,461	435,991	24,625
Lease liability	21	224,391	455,494	-	-
Provisions	31	6,357	7,387	-	-
<b>Total non-current liabilities</b>		<b>6,661,410</b>	<b>6,463,925</b>	<b>435,991</b>	<b>24,625</b>
<b>Current liabilities</b>					
Trade and other payables	27	9,829,941	9,760,344	1,219,418	1,120,300
Contract liabilities	29	1,340,627	869,259	159,277	152,775
Current income tax liabilities	10	3,814,160	4,510,936	2,480,618	2,984,185
Bank overdrafts and current portion of borrowings	25	2,503,673	4,595,937	-	-
Dividend payable	30	6,084,307	5,517,803	5,127,079	4,843,925
Government grant	28	58,343	50,107	-	-
Lease liability	21	250,926	526,623	-	-
Provisions	31	192,018	95,948	89,948	89,948
Refund liabilities	20	17,195	8,093	-	-
<b>Total current liabilities</b>		<b>24,091,190</b>	<b>25,935,050</b>	<b>9,076,340</b>	<b>9,191,133</b>
<b>Liabilities of disposal group classified as held for sale/distribution to owners</b>	36	<b>42,094</b>	<b>14,654,876</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>30,794,694</b>	<b>47,053,851</b>	<b>9,512,331</b>	<b>9,215,758</b>
<b>Total equity and liabilities</b>		<b>92,166,559</b>	<b>107,595,263</b>	<b>46,679,401</b>	<b>48,987,189</b>

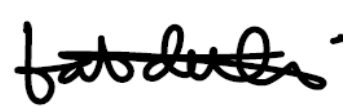
The financial statements and the notes on pages 24 to 80 were approved and authorised before issue by the board of directors on 30 March 2021 and were signed on its behalf by:



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



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



Mrs. Funke Ijaiya-Oladipo  
Group Chief Financial Officer  
FRC/2021/001/00000022822



UAC of Nigeria Plc

Audited Consolidated and Separate 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
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Balance at 1 January 2019</b>		<b>1,440,648</b>	<b>18,451,844</b>	<b>69,571</b>	<b>33,957</b>	<b>91,923</b>	<b>37,796,850</b>	<b>57,884,793</b>	<b>16,188,587</b>
Loss for the year		-	-	-	-	-	(5,307,933)	(5,307,933)	(3,948,480)
<b>Other comprehensive income</b>		-	-	-	-	-	-	-	-
Net changes in fair value of financial assets	17	-	-	-	(6,187)	-	4,958	(1,229)	-
<b>Transactions with non-controlling interests</b>		-	-	-	-	-	-	-	-
Additional acquisition by non-controlling interest		-	-	-	-	-	-	-	66,639
Elimination of Non-controlling interest after disposal of Warm Spring Nigeria Limited		-	-	-	-	-	-	-	39,269
<b>Transactions with Equity holders</b>		-	-	-	-	-	-	-	-
Movement in retained earnings due to loss of control		-	-	-	-	-	(652,023)	(652,023)	-
Dividends		-	-	-	-	-	(1,844,029)	(1,844,029)	(1,884,183)
<b>Total equity as at 31 December 2019</b>		<b>1,440,648</b>	<b>18,451,844</b>	<b>69,571</b>	<b>27,770</b>	<b>91,923</b>	<b>29,997,824</b>	<b>50,079,580</b>	<b>10,461,832</b>
<b>Total equity at 1 January 2020</b>		<b>1,440,648</b>	<b>18,451,844</b>	<b>69,571</b>	<b>27,770</b>	<b>91,923</b>	<b>29,997,824</b>	<b>50,079,580</b>	<b>10,461,832</b>
Profit for the year		-	-	-	-	-	2,651,431	2,651,431	1,276,495
<b>Other comprehensive income</b>		-	-	-	-	-	(1)	-	-
Share of net changes in fair value of financial assets of associates		-	-	-	71,460	-	-	71,460	-
Net changes in fair value of financial assets	17	-	-	-	159,354	-	-	159,354	-
<b>Transactions with non-controlling interests</b>		-	-	-	-	-	-	-	-
Acquisition of NCI		-	-	-	-	-	(1,258)	(1,258)	(10,126)
<b>Transactions with Equity holders</b>		-	-	-	-	-	-	-	-
Dividend accruing to UPDC		-	-	-	-	-	-	-	4,901
Dividends (Note 30)		-	-	-	-	-	(288,130)	(288,130)	(141,130)
Rights issue cost (Note 32)		-	(380,299)	-	-	-	-	(380,299)	-
<b>Transactions with NCI</b>		-	-	-	-	-	-	-	-
Disposal of shareholdings in subsidiaries		-	-	-	-	-	(85,797)	(85,797)	744,863
Additional investment by NCI		-	-	-	-	-	-	-	39,200
Right issue of UPDC subscribed (Note 32)		-	-	-	-	-	-	-	204,961
Elimination of NCI after disposal of subsidiaries (Note 36)		-	-	-	-	-	-	-	(3,992,971)
Profit on disposal of First Choice Facility Management		-	-	-	-	-	435,937	435,937	28,567
Acquisition of shares in First Choice Facility Management		-	-	-	-	-	-	-	112,996
<b>Balance at 31 December 2020</b>		<b>1,440,648</b>	<b>18,071,545</b>	<b>69,571</b>	<b>258,584</b>	<b>91,923</b>	<b>32,710,006</b>	<b>52,642,277</b>	<b>8,729,588</b>

**UAC of Nigeria Plc**

**Audited Consolidated and Separate Statement of Changes in Equity  
for the year ended 31 December 2020**

	The Company				
	Attributable to owners of the Company				
	Share Capital N'000	Share Premium N'000	Fair value reserve N'000	Retained Earnings N'000	TOTAL N'000
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)
<b>Transactions with Equity holders</b>					
Dividends declared	-	-	-	(1,844,029)	(1,844,029)
<b>Balance at 31 December 2019</b>	<b>1,440,648</b>	<b>18,509,120</b>	<b>27,770</b>	<b>19,793,893</b>	<b>39,771,431</b>
Balance at 1 January 2020	1,440,648	18,509,120	27,770	19,793,893	39,771,431
Loss for the year	-	-	-	(2,475,586)	(2,475,586)
Net changes in fair value of financial assets	-	-	159,354	-	159,354
Dividends declared	-	-	-	(288,130)	(288,130)
<b>Balance at 31 December 2020</b>	<b>1,440,648</b>	<b>18,509,120</b>	<b>187,124</b>	<b>17,030,178</b>	<b>37,167,070</b>



**UAC of Nigeria PLC**
**Audited Consolidated and Separate Statement of Cash Flows**
**for the year ended 31 December 2020**

		The Group		The Company	
		31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	Notes	N' 000	N'000	N' 000	N' 000
<b>Cash flows from operating activities</b>					
Cash generated from/(used in) operations	33	3,032,163	(1,511,337)	(2,048,236)	(12,945,274)
Corporate tax paid	10	(1,690,382)	(1,550,854)	(236,000)	(29,472)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>1,341,781</b>	<b>(3,062,191)</b>	<b>(2,284,236)</b>	<b>(12,974,746)</b>
<b>Cash flows from investing activities</b>					
Purchase of intangible assets	14	(8,729)	(14,847)	(2,710)	(945)
Purchase of property, plant and equipment	13	(4,495,865)	(2,710,474)	(360,504)	(176,883)
Proceeds from sale of property, plant and equipment		119,219	157,257	36,078	53,890
Purchase of investment properties	15	(393)	(1,590)	(393)	(1,590)
Proceeds from disposal of subsidiaries	36	4,556,855	292,094	7,457,068	295,863
Lease prepayment		(81,901)			
Proceeds from sale of investment properties		-	1,011,286	-	1,011,286
Dividend received	6	14,576	6,441	349,695	2,296,398
Interest received		1,102,262	2,766,305	1,486,005	2,602,106
Investment in debt securities	19	-	(2,000,503)	-	(2,000,503)
<b>Net cash flows generated from/(used in) investing activities</b>		<b>1,206,022</b>	<b>(494,031)</b>	<b>8,965,239</b>	<b>4,079,622</b>
<b>Cash flows from financing activities</b>					
Dividends paid to non-controlling interests	30	(130,404)	(1,589,303)	-	-
Dividends paid to Company shareholders	30	(288,130)	(2,073,296)	(288,130)	(2,073,296)
Proceeds from borrowings	25	5,941,270	4,485,995	-	-
Acquisition of additional interest in subsidiaries		(11,384)	-	(52,184)	(69,360)
Dividend refund	30	566,456	1,020,114	293,831	379,571
Rights issue expenses	32	(380,299)	-	-	-
Repayment of borrowings	25	(7,926,033)	(3,605,897)	-	-
Interest paid on loans	25	(315,532)	(787,588)	-	-
Repayment of lease liability principal	21	(387,350)	(250,000)	-	-
Interest paid on lease liability	21	(74,259)	(105,917)	-	-
Proceeds from disposal of shares*		577,500	-	-	-
Proceeds of capital injection by non-controlling interest		244,161	66,639	-	-
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(2,184,006)</b>	<b>(2,839,253)</b>	<b>(46,483)</b>	<b>(1,763,086)</b>
Cash & cash equivalents at the beginning of the year		23,938,769	30,334,245	8,173,798	18,832,006
Net increase/(decrease) in cash & cash equivalents		363,797	(6,395,475)	6,634,520	(10,658,210)
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>24</b>	<b>24,302,566</b>	<b>23,938,769</b>	<b>14,808,319</b>	<b>8,173,798</b>

\*UPDC received this proceed from the disposal of First City Facility Management while still retaining control of the entity.

## **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 2020 were authorised for issue in accordance with a resolution of the Board of directors on 30th March 2021.

UAC of Nigeria PLC 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: Animal Feeds and Other Edibles, Paints, Packaged Foods and Beverages, Quick Service Restaurants, Logistics, and Real Estate (See Note 5).

## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

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

The consolidated and separate 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 and separate 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**

In the current year, the Group has adopted the following standard and interpretation that is effective for the current financial year and that is relevant to its operations:

##### **Definition of Material - Amendments to IAS 1 and IAS 8**

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

The effective date of the amendment is for annual reporting periods beginning on or after January 1, 2020.

The group has incorporated this definition and guides in preparation of its financial statements.

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

- i) Amendments to IFRS 3 Definition of a business
- ii) Amendments to References to the Conceptual Framework in IFRS Standards
- iii) Covid-19-Related Rent Concessions - Amendment to IFRS 16
- iv) Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

**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.

- i) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- ii) Reference to the Conceptual Framework (Amendments to IFRS 3)
- iii) Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- iv) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- v) IFRS 17 - Insurance contract
- vii) )Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint
- viii) Amendments to IFRS 3 - Reference to the Conceptual Framework
- ix) IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecogniti
- x) IAS 41 Agriculture - Taxation in fair value measurements

**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 value 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 fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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.

### **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 of the Company.

### **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 statement.

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)"

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 are 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 IFRS 9 Financial Instruments, 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 5 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 it 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 13)

Intangible assets (Note 14)

Goodwill (Note 14)

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 Note 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:

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- 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 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 categorise the different revenue streams detailed below.

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

At contract inception, the Group assesses 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 specific locations, 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 transfers the products to 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**

Contracts 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 for 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 from restaurant**

Sale of goods arises from the sale of pastries, seasonings and confectionaries from the corporate central kitchens. Revenue from the sale of goods is recognised when the control of the goods are transferred to the buyer. This occurs when the goods are delivered to the customer or picked up by the customers. This is at a point in time.

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

Revenue from sale of pastries is recognised based on the price specified in the contract, net of the estimated returns. Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognised and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur.

### **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.

**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).

**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 2.9 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.

**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**

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.

**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 IFRS 9 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 2020				
	Naira N'000	USD N'000	GBP N'000	Others N'000	Total N'000
<b>Financial assets</b>					
Debt securities (Net)	-	2,174,304	-	-	2,174,304
Trade receivables (Net)	2,609,207	91,790	-	-	2,700,997
Cash and short-term deposits	23,393,862	854,082	24,251	119	24,272,314
	<b>26,003,069</b>	<b>3,120,176</b>	<b>24,251</b>	<b>119</b>	<b>29,147,615</b>
<b>Financial liabilities</b>					
Long term borrowings	1,735,284	-	-	-	1,735,284
Trade and other payables	4,022,451	59,298	-	-	4,081,749
	<b>5,757,735</b>	<b>59,298</b>	<b>-</b>	<b>-</b>	<b>5,817,033</b>

#### GROUP

	31 December 2019				
	Naira N'000	USD N'000	GBP N'000	Others N'000	Total N'000
<b>Financial assets</b>					
Trade receivables (Net)	1,895,584	-	-	-	1,895,584
Cash and short-term deposits	23,728,564	129,813	32,759	-	23,891,136
	<b>25,624,148</b>	<b>129,813</b>	<b>32,759</b>	<b>-</b>	<b>25,786,720</b>
<b>Financial liabilities</b>					
Long term borrowings	1,850,583	-	-	-	1,850,583
Trade and other payables	5,003,051	-	-	-	5,003,051
	<b>6,853,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,853,634</b>

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**Financial risk factors continued**

	<b>GROUP</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>N'000</b>	<b>N'000</b>
The total impact on profit if Naira was to depreciate by 10%/(5%) across currencies would be as follows:	91,094	(38,952)
The total impact on profit if Naira was to appreciate by 10%/(5%) across currencies would be as follows:	(91,094)	38,952

Management considers a 10% shift in foreign currency exchange rate is appropriate to determine the sensitivity of Foreign currency denominated financial assets.

**COMPANY**

	<b>31 December 2020</b>				
	<b>Naira</b>	<b>USD</b>	<b>GBP</b>	<b>Others</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Financial assets</b>					
Debt at amortised cost		2,174,304	-	-	2,174,304
Cash and short-term deposits	14,733,920	67,827	2,018	-	14,803,765
Intercompany receivables		20,513			20,513
	<b>14,733,920</b>	<b>2,262,644</b>	<b>2,018</b>	<b>-</b>	<b>16,998,582</b>

	<b>31 December 2019</b>				
	<b>Naira</b>	<b>USD</b>	<b>GBP</b>	<b>Others</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Financial assets</b>					
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
	<b>8,121,583</b>	<b>1,995,138</b>	<b>1,350</b>	<b>-</b>	<b>10,118,071</b>

	<b>COMPANY</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>N'000</b>	<b>N'000</b>
The total impact on profit if Naira was to depreciate by (10%)/5% across currencies would be as follows:	(114,787)	(35,886)
The total impact on profit if Naira was to appreciate by (10%)/5% across currencies would be as follows:	114,787	35,886

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 and investments in subsidiaries held by the Company. The impact on equity if the price of the equity instrument measured at fair value through other comprehensive income was to appreciate/depreciate by 10% will be +/- N 18.813million (2019: N2.88million).

(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.

	<b>GROUP</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>N'000</b>	<b>N'000</b>
The total impact on profit or loss and equity if interest rates were to decrease by 500 basis points would be as follows:	86,764	92,529
The total impact on profit or loss and equity if interest rates were to increase by 500 basis points would be as follows:	(86,764)	(92,529)

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*(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					
	Current	<90 days	90–180 days	180–360 days	>360 days	Total
	N'000	N'000	N'000	N'000	N'000	N'000
<b>31-Dec-20</b>						
<b>Expected credit loss rate</b>	1.70%	21.45%	41.50%	55.90%	100.00%	
Estimated total gross						
Carrying amount at default	2,440,386	223,950	107,696	143,290	976,706	3,892,028
Expected credit loss	41,491	48,035	44,699	80,100	976,706	1,191,031
<b>31-Dec-19</b>						
<b>Expected credit loss rate</b>	7.17%	15.92%	33.69%	34.61%	72.55%	
Estimated total gross						
Carrying amount at default	1428246	13688	91529	159115	1433778	3,126,356
Expected credit loss	102,424	2,179	30,835	55,068	1,040,265	1,230,771

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

In thousands of Naira	2020	2019
<b>Balance as at 1 January</b>	<b>1,230,771</b>	<b>1,693,208</b>
Reversal of allowance for receivables impairment	(522)	(181,754)
Allowance for receivables impairment	78,269	
Amount written off	(117,487)	-
Assets held for sale	-	(280,683)
<b>Balance at 31 December</b>	<b>1,191,031</b>	<b>1,230,771</b>

**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.

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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 2019 and 31 December 2020.

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	Assigned Probabilities	ECL Scenario	31-Dec-20		
			Group/Company		
			2020	2021	2022
Oil Price	10%	Upturn	52	50	51
	81%	Base	50	48	50
	9%	Downturn	49	47	48
Unemployment rate %	10%	Upturn	27	30	30
	81%	Base	30	33	33
	9%	Downturn	30	33	34
Inflation rate %	10%	Upturn	13	10	9
	81%	Base	15	12	10
	9%	Downturn	18	15	13

Key drivers	Assigned Probabilities	ECL Scenario	31 December 2019		
			Group/Company		
			2019	2020	2021
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

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

31-Dec-20	Short-term deposits	Group Debt instrument at amortised cost (Note 19)	Total	Short-term deposits	Intercompany & related party receivables	Company Debt instrument at amortised cost (Note 19)	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	3,025	2,958	5,983	427	2,814	2,958	6,198
Base (81%)	24,504	24,911	49,415	3,648	23,698	24,911	52,257
Downturn (9%)	2,723	3,202	5,924	479	3,046	3,202	6,727
Total	30,252	31,070	61,322	4,554	29,557	31,070	65,181

31-Dec-19	Short-term deposits	Group Debt instrument at amortised cost (Note 19)	Total	Short-term deposits	Intercompany receivables	Company Debt instrument at amortised cost (Note 19)	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	5,240	2,564	7,804	5,240	16,925	2,564	24,729
Base (80%)	38,108	18,649	56,757	38,108	123,088	18,649	179,844
Downturn (10%)	4,287	2,098	6,385	4,287	13,847	2,098	20,232
Total	47,635	23,311	70,946	47,634	153,860	23,311	224,805

(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 2020	GROUP					Total
	On demand	Between 3 months and 1 year			Over 5 years	
		Less than 3 months	Between 1 and 5 years			
Borrowings	-	2,113,035	510,306	1,999,230	-	4,622,571
Lease liabilities	-	-	200,875	274,442	-	475,317
Trade and other payables	712,295	8,041,748	468,425	-	-	9,222,468
Accruals	-	-	-	-	-	-
Dividend payable	6,084,307	-	-	-	-	6,084,307
	6,796,602	10,154,783	1,179,606	2,273,672	-	20,404,663

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*	-	4,844,948	4,454,927	-	-	9,299,875
Dividend payable	5,806,856	-	-	-	-	5,806,856
	5,806,856	5,649,228	9,563,720	2,857,828	80,358	23,957,990

	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 2020						
Dividend payable	5,127,079	-	-	-	-	5,127,079
Other payables	-	1,138,448	-	-	-	1,138,448
	5,127,079	1,138,448	-	-	-	6,265,527
At 31 December 2019						
Dividend payable	4,843,925	-	-	-	-	4,843,925
Other payables	-	1,087,823				1,087,823
	4,843,925	1,087,823	-	-	-	5,931,748

\*This excludes all statutory payments.

The Company does not have any exposure to borrowings, lease liabilities, trade payables, other payables, accruals 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 and non controlling interest.

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-20	31-Dec-19
Interest bearing debt	4,238,957	6,446,520
Total equity	61,371,865	60,541,412
<b>Total capital</b>	<b>65,610,822</b>	<b>66,987,932</b>

Gearing ratio (%)

7

11



### 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 2020.

#### 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 39.

##### 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 2020 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		GROUP	
	31-Dec-20		31-Dec-19	
	Carrying value	Fair value	Carrying value	Fair value
<b>Assets</b>				
Equity held at fair value through OCI	188,125	188,125	28,771	28,771
	<b>188,125</b>	<b>188,125</b>	<b>28,771</b>	<b>28,771</b>
<b>Liabilities</b>				
Bank overdrafts and current portion of borrowings	1,735,284	1,735,284	4,595,937	4,247,604
Long term borrowings	2,503,673	2,503,673	1,850,583	1,237,531
	<b>4,238,957</b>	<b>4,238,957</b>	<b>6,446,520</b>	<b>5,485,135</b>

#### 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 15

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 or 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**

1) **UPDC:** On 3 August 2020, UAC entered into a binding agreement with Custodian Investment PLC regarding the acquisition of a 51% stake in UPDC to be completed in two tranches. The first tranche, representing a 5.1% stake was completed in September 2020. The sale of the second tranche of UPDC shares representing a 45.9% stake was concluded on 17 November 2020. UAC received N6.6 billion in cash proceeds and now owns a 42.85% stake in UPDC.

2) **UPDC REIT:** In 2020, UPDC embarked on a process to unbundle its holdings in UPDC Real Estate Investment Trust (UPDC REIT) to all its shareholders. This initiative was aimed at maximising returns to all UPDC's shareholders by providing direct access to the steady and regular dividend distributions of UPDC REIT. UAC, as a shareholder of UPDC, received 649 million UPDC REIT units, valued at N3.6 billion, on 31 December 2020.

3) **MDS Logistics:** In January 2020 8% of UACN's 51% stake in MDS was disposed resulting in the loss of control of the entity. Consequently, MDS is recognised as an associate of the group with a 43% shareholding.

**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:

UNICO: Voluntary winding up of UNICO CPFA 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:

- They 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

**UAC of Nigeria PLC****Notes to the audited consolidated and separate financial statements  
for the Year ended 31 December 2020****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 snacks and meals.

**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 and hospitality.

**Others** - This is a non-reportable segment made up of the 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	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 contracts with customers	54,223,556	10,425,485	17,853,406	1,527,878	-	-	527,259	84,557,584
Rental income	-	-	-	-	-	-	231,188	231,188
<b>Total Revenue</b>	<b>54,223,556</b>	<b>10,425,485</b>	<b>17,853,406</b>	<b>1,527,878</b>	<b>-</b>	<b>-</b>	<b>758,447</b>	<b>84,788,772</b>
Intergroup revenue	(2,748,231)	(96,964)	(49,128)	-	-	-	(536,489)	(3,430,812)
Revenue to third parties	51,475,325	10,328,521	17,804,278	1,527,878	-	-	221,958	81,357,960
Operating profit/(loss)	2,085,657	1,226,849	1,352,521	(47,613)	-	-	(1,020,105)	3,597,309
Profit/(loss) before tax	1,747,453	1,469,746	1,377,278	(57,115)	-	-	583,483	5,120,845
Profit/(Loss) after tax for the year from discontinued operations	-	-	-	-	3,146,244	(2,678,049)	1,467	469,662
Property, plant and equipment	12,416,349	1,369,319	6,019,281	318,741	-	-	888,144	21,011,834
Net assets	18,206,294	5,013,721	7,439,756	357,867	-	-	30,354,227	61,371,865

**UAC of Nigeria PLC**

**Notes to the audited consolidated and separate financial statements  
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	Animal Feeds & Other Edibles	Paints	Packaged Food & Beverages	QSR	Logistics	Real Estate	Others	Total
<b>31 December 2019</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
Revenue from contract with customers	51,817,552	11,020,828	17,545,285	1,501,354	-	-	516,721	<b>82,401,740</b>
Rental income	-	-	-	-	-	-	242,040	<b>242,040</b>
<b>Total Revenue</b>	<b>51,817,552</b>	<b>11,020,828</b>	<b>17,545,285</b>	<b>1,501,354</b>	<b>-</b>	<b>-</b>	<b>758,761</b>	<b>82,643,780</b>
Intergroup revenue	(2,897,476)	(16,264)	(7,434)	-	-	-	(520,466)	<b>(3,441,640)</b>
Revenue to third parties	48,920,076	11,004,564	17,537,851	1,501,354	-	-	238,295	<b>79,202,140</b>
Operating profit/(loss)	1,771,404	2,239,649	1,193,667	(36,587)	-	-	498,280	<b>5,666,413</b>
Profit / (Loss) before tax	989,744	2,672,930	1,561,487	(75,209)	-	-	2,307,308	<b>7,456,259</b>
Profit / (Loss) after tax for the year from discontinued operations	-	-	-	-	342,782	(14,997,508)	52,997	<b>(14,601,729)</b>
Property, plant and equipment	12,911,315	1,722,156	3,273,295	313,936	-	-	698,885	<b>18,919,587</b>
Net assets	17,138,988	4,103,888	6,548,079	339,146	4,660,895	2,171,833	25,578,583	<b>60,541,412</b>

Included in the net assets of animal feeds and paint segments above, are the carrying amounts of goodwill for Livestock Feeds and Portland Paints & Products PLC amounting to ₦209.7 million and ₦339 million respectively - see Note 14

**UAC of Nigeria PLC**  
**Notes to the audited consolidated and separate financial statements**  
**for the Year ended 31 December 2020**

**Entity wide information**

	<b>31 Dec 20</b>	<b>31 Dec 19</b>
	N'000	N'000
Analysis of revenue by category:		
Revenue from contracts with customers	81,136,002	78,960,100
Rental income	221,958	242,040
	<b>81,357,960</b>	<b>79,202,140</b>

	<b>31 Dec 20</b>	<b>31 Dec 19</b>
	N'000	N'000
Analysis of revenue by geographical location:		
Nigeria	81,357,960	79,202,140
Others	-	-
	<b>81,357,960</b>	<b>79,202,140</b>

**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 2020							Total
	Animal Feeds	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
<b>Revenue from contracts with customers</b>								
Sale of goods	51,475,325	10,328,521	17,804,278	1,527,878	-	-	-	81,136,002
Rendering of service	-	-	-	-	-	-	221,958	221,958
<b>Total</b>	<b>51,475,325</b>	<b>10,328,521</b>	<b>17,804,278</b>	<b>1,527,878</b>	<b>-</b>	<b>-</b>	<b>221,958</b>	<b>81,357,960</b>
	=====	=====	=====	=====	=====	=====	=====	=====
<b>Geographical Markets</b>								
Nigeria	51,475,325	10,328,521	17,804,278	1,527,878	-	-	221,958	81,357,960
Outside Nigeria	-	-	-	-	-	-	-	-
<b>Total</b>	<b>51,475,325</b>	<b>10,328,521</b>	<b>17,804,278</b>	<b>1,527,878</b>	<b>-</b>	<b>-</b>	<b>221,958</b>	<b>81,357,960</b>
	=====	=====	=====	=====	=====	=====	=====	=====
<b>Timing of revenue</b>								
Goods transferred at a point in time	51,475,325	10,328,521	17,804,278	1,527,878	-	-	-	81,136,002
Services transferred over time	-	-	-	-	-	-	221,958	221,958
	<b>51,475,325</b>	<b>10,328,521</b>	<b>17,804,278</b>	<b>1,527,878</b>	<b>-</b>	<b>-</b>	<b>221,958</b>	<b>81,357,960</b>
	=====	=====	=====	=====	=====	=====	=====	=====

**UAC of Nigeria PLC**  
**Notes to the audited consolidated and separate financial statements**  
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6 Dividend income	The Group		The Company	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	N' 000	N' 000	N' 000	N' 000
Dividend income from subsidiaries	-	-	340,020	2,296,398
Dividend income from third parties	9,675	6,441	9,675	-
<b>Total dividend income</b>	<b>9,675</b>	<b>6,441</b>	<b>349,695</b>	<b>2,296,398</b>

7i Other operating income	The Group		The Company	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	N' 000	N' 000	N' 000	N' 000
Profit on sales of Property, Plant and Equipment	2,205	79,129	3,080	7,566
Profit on sales of Investment Property	-	631,286	-	631,286
Rental income*	12,473	-	-	-
Net fair value gain on investment properties (Note 15)	234,270	-	234,270	-
Realisation on WSWN liquidation	-	419,808	-	295,863
Profit on disposal of subsidiary	-	-	574,442	-
Government grant (Note 28)	66,355	9,314	-	-
Commision fees from property sold	-	552	-	-
Write back of statute barred unclaimed dividend (Note 30)	10,677	206,342	10,677	206,342
Expected credit loss write back on receivables (Note 23)	522	181,754	153,374	-
Expected credit loss write back on cash and cash equivalents	43,080	-	43,080	-
Exchange gain	332,636	-	307,777	-
Other income**	526,015	827,776	77,595	535,033
<b>Total other operating income</b>	<b>1,228,233</b>	<b>2,355,961</b>	<b>1,404,295</b>	<b>1,676,090</b>

**\* Rental Income**

Rental income represents income earned on investment properties at UAC Foods Ltd.

**\*\*Other income**

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

7ii Other operating losses	The Group		The Company	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	N'000	N'000	N'000	N'000
Net fair value loss on investment properties	-	219,617	-	219,617
Expected credit loss on related party receivables (Note 23)	29,071	-	29,071	42,424
Impairment loss on debt securites (Note 19)	7,759	15,818	7,759	15,818
Fair value loss on investment in UPDC	-	-	2,800,269	3,184,709
Impairment loss on cash and cash equivalents	25,698	-	-	-
Impairment (loss)/gain on financial assets (Note 23)	78,269	56,788	-	-
Loss on disposal of shares	-	-	710,900	-
Other losses	-	5,000	-	2
<b>Total other operating losses</b>	<b>140,797</b>	<b>297,223</b>	<b>3,547,999</b>	<b>3,462,569</b>

**8 (a) Expenses by Nature**

	The Group		The Company	
	31 Dec 20	31 Dec 19***	31 Dec 20	31 Dec 19
	N' 000	N' 000	N' 000	N' 000
Changes in inventories of finished goods and work in progress	55,595,257	54,096,642	-	-
Write off of inventories to net realisable value (Note 22)	55,182	50,681	-	-
Personnel expenses	8,550,075	7,568,545	1,165,090	858,000
Depreciation charge on property, plant and equipment	2,021,109	1,836,774	138,466	145,568
Depreciation charge on right-of-use asset	471,191	515,051	-	-
Amortisation of intangibles	53,110	89,193	2,879	12,465
Impairment of property, plant and equipment	-	137,732	-	-
Write off of property, plant and equipment	-	1,779	-	-
Royalty fees	324,399	109,908	-	-
Rents & rates	181,383	360,970	3,367	1,120
Short-term lease expense	86,608	20,873	14,898	20,873
Electricity & power	2,273,121	2,134,477	46,553	38,328
Vehicles repairs, maintenance & fueling	331,625	277,539	7,039	5,134
Other repairs & maintenance	900,479	1,117,379	44,712	44,324
Auditors' remuneration	128,783	142,899	26,528	25,961
Information technology charge	297,560	279,135	52,200	29,439
Legal and professional expenses	762,210	154,223	397,502	5,990
Donations & subscriptions	242,460	42,090	173,075	18,207
Insurance	207,195	162,857	14,374	20,552
Distribution expenses	2,562,161	2,385,557	-	-
Loss on lease termination	68,440	-	-	-
Marketing, Advertising & Communication	862,584	1,558,608	16,608	15,259
Hire of equipment	30,601	53,501	-	-
Catering expenses	178,830	205,598	7,602	21,675
Security	207,255	119,248	8,164	12,537
Incentives	163,522	-	-	-
Travelling expenses	263,733	125,699	83,929	64,323
AGM expenses	57,263	4,140	30,831	33,946
Bank charges	304,063	14,520	105,714	36,744
Stationery and printing	27,988	6,388	20,924	7,283
Sundry office expenses****	1,649,576	2,028,901	101,453	518,302
	<b>78,857,762</b>	<b>75,600,906</b>	<b>2,461,908</b>	<b>1,936,029</b>

**8 (b) Expenses by Function**

*Analysed as:*

Cost of sales	65,367,532	62,575,242	-	-
Selling and distribution expenses	5,776,661	6,453,097	-	-
Administrative expenses	7,713,569	6,572,567	2,461,908	1,936,029
	<b>78,857,762</b>	<b>75,600,906</b>	<b>2,461,908</b>	<b>1,936,029</b>

**Personnel expenses include:**

Wages, salaries and other short term benefits for staff and mar	7,892,447	6,548,912	882,042	582,542
Directors' emoluments	632,231	699,001	240,514	203,140
Defined contribution plans	25,397	320,632	42,534	72,318
	<b>8,550,075</b>	<b>7,568,545</b>	<b>1,165,090</b>	<b>858,000</b>

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

\*\*\*\*Sundry office expenses include exchange loss, consumables, project expenses etc



**8 (c) Particulars of directors and staff**

- (i) The group had 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.

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
<b>Costs</b>				
Key management personnel:				
Wages, salaries and other short term benefits	802,402	837,241	328,336	278,692
Directors' emoluments				
- Executive Directors	376,944	499,592	146,992	124,466
- Non-Executive Directors	255,287	199,409	93,522	78,674
	632,231	699,001	240,514	203,140
Post employment benefits:				
- Defined contribution plans	25,397	320,632	42,534	72,318
Total for key management personnel	<b>1,460,030</b>	<b>1,856,874</b>	<b>611,384</b>	<b>554,150</b>
Other management personnel	2,733,451	3,744,757	168,791	35,282
Staff	4,356,594	1,966,914	384,915	268,568
<b>Total</b>	<b>8,550,075</b>	<b>7,568,545</b>	<b>1,165,090</b>	<b>858,000</b>
<b>Numbers</b>				
Key management personnel	27	26		
Other management personnel	529	445		
Staff	840	1,015		
<b>Total</b>	<b>1,396</b>	<b>1,486</b>		
<b>Average cost per staff</b>	<b>6,125</b>	<b>5,093</b>		

- (II) The table below shows the number of employees (excluding directors), who earned over N100,000 as emoluments in the year and were within the bands stated.

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
<b>N</b>	<b>Number</b>	<b>Number</b>
300,001 - 500,000	4	34
500,001 - 700,000	28	20
700,001 - 900,000	78	17
900,001 - 1,100,000	160	80
1,100,001 - 1,300,000	137	76
1,300,001 - 1,500,000	156	90
1,500,001 and Above	833	1,169
	<b>1,396</b>	<b>1,486</b>

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>
(iii) Emoluments of directors		
Fees	5,750	5,600
Other emoluments	234,764	197,540
	<b>240,514</b>	<b>203,140</b>
(iv) The Chairman's emolument.	19,630	19,534
(v) Emolument of the highest paid Director.	216,056	127,599

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

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
<b>N</b>	<b>Number</b>	<b>Number</b>
100,001 - 15,000,000	6	6
15,000,001 and above	4	4

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**9. Net finance income**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 Dec 20</b>	<b>31 Dec 19</b>	<b>31 Dec 20</b>	<b>31 Dec 19</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
Interest income on short-term bank deposits	1,052,050	2,775,773	1,435,793	2,641,095
Interest income on finance lease assets	-	5,247	-	-
<b>Finance Income</b>	<b>1,052,050</b>	<b>2,781,020</b>	<b>1,435,793</b>	<b>2,641,095</b>
Interest on bank loans - Note 25	(376,363)	(799,282)	-	-
Interest expense on lease liability - Note 21	(124,497)	(185,152)	-	-
Unwinding of discount (Note 31)	(970)	(6,740)	-	-
<b>Finance Costs</b>	<b>(501,830)</b>	<b>(991,174)</b>	<b>-</b>	<b>-</b>
<b>Net finance income</b>	<b>550,220</b>	<b>1,789,846</b>	<b>1,435,793</b>	<b>2,641,095</b>

Analysis of finance income

	<b>The Group</b>		<b>The Company</b>	
	<b>31 Dec 20</b>	<b>31 Dec 19</b>	<b>31 Dec 20</b>	<b>31 Dec 19</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
Interest of fixed deposit	775,434	2,032,810	365,337	1,007,317
Interest on group loan	-	-	793,840	885,566
Interest on treasury bills	62,095	714,291	62,095	714,291
Interest on call deposit	3,030	18,045	3,030	18,045
Interest on current account	10,976	1,159	10,976	1,161
Interest on commercial paper	97,933	-	97,933	-
Coupon on bond	102,582	14,715	102,582	14,715
<b>Finance income</b>	<b>1,052,050</b>	<b>2,781,020</b>	<b>1,435,793</b>	<b>2,641,095</b>

**10. Taxation**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<i>Current tax</i>				
Nigeria corporation tax charge for the year	1,199,801	1,779,910	-	408,115
Education tax	148,019	124,507	647	29,379
Capital gains tax	7	101,129	-	101,129
Trust Levy	195	127	-	-
Minimum Tax	5,716	6,957	1,896	-
Total current tax charge	1,353,738	2,012,630	2,543	538,623
<i>Deferred tax</i>				
Temporary differences, origination and reversal	308,843	98,313	411,366	(49,023)
Total deferred tax	<b>308,843</b>	<b>98,313</b>	<b>411,366</b>	<b>(49,023)</b>
<b>Income tax expense</b>	<b>1,662,581</b>	<b>2,110,943</b>	<b>413,909</b>	<b>489,599</b>

Nigeria corporation tax is calculated at 30% (2019: 30%) of the taxable profit for the period and education tax is calculated at 2% (2019: 2%) of assessable profit.

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Profit/(loss) before tax (A)</b>	<b>5,120,845</b>	<b>7,456,259</b>	<b>(2,061,677)</b>	<b>1,973,746</b>
Tax at the Nigeria corporation tax rate of 30% (2019: 30%)	1,536,254	2,136,809	(618,503)	592,124
Education tax	148,019	124,507	647	29,379
Capital gains tax	7	101,129	-	101,129
Tax effect of disallowable expenses	1,305,255	1,280,264	1,108,628	1,118,098
Tax effect of Exempt income	(708,302)	(1,445,165)	(324,176)	(1,252,668)
Trust levy	195	127	-	-
Permanent differences	(472,131)	(132,234)	249,633	(98,462)
Effect of unrecognised tax credit	(174,501)	61,472	-	-
Investment allowance	(4,216)	(22,924)	(4,216)	-
Minimum tax adjustment	32,001	6,957	1,896	-
<b>Tax charge for the year (B)</b>	<b>1,662,581</b>	<b>2,110,943</b>	<b>413,909</b>	<b>489,599</b>
<b>Effective tax rate B/A</b>	<b>32%</b>	<b>28%</b>	<b>(20%)</b>	<b>25%</b>

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Reconciliation of the tax payable account				
Opening balance	4,510,936	6,327,649	2,984,185	2,655,269
Reclassified to Disposal group held for sale**	-	(1,999,843)	-	-
Income tax expense	1,353,738	2,012,630	2,543	538,623
Write back of over-provision	-	(89,801)	-	8,610.00
Withholding tax credit notes utilised	(360,132)	(188,845)	(270,110)	(188,845)
Payment during the year	(1,690,382)	(1,550,854)	(236,000)	(29,472)
	<b>3,814,160</b>	<b>4,510,936</b>	<b>2,480,618</b>	<b>2,984,185</b>

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

# 11. Dividend

	The Company	
	2020	2019
	N'000	N' 000
<b>Amounts recognised as distribution to ordinary shareholders in the year comprise:</b>		
Dividend declared	288,130	1,844,029
Number of shares (000)	2,881,296	2,881,296
Dividends per share (kobo per share)	10	64

# 12. 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	
	2020	2019	2020	2019
	N' 000	N' 000	N' 000	N' 000
<b>Profit attributable to ordinary equity shareholders:</b>				
Profit/(loss) from continuing operations	2,056,929	3,798,343	(2,475,586)	1,484,147
Profit/(loss) from discontinued operations	594,502	(9,106,276)	-	-
<b>Profit/(loss) for the period</b>	<b>2,651,431</b>	<b>(5,307,933)</b>	<b>(2,475,586)</b>	<b>1,484,147</b>

## Basic earnings per share

## Diluted earnings per share

From continuing operations	71	132	(86)	52
From discontinued operations	21	(315)	-	-
From profit/(loss) for the period	92	(183)	(86)	52

	The Company	
	2020	2019
	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 are no potential ordinary shares during the period.

<b>UAC of Nigeria PLC</b> <b>Notes to the audited consolidated and separate financial statements</b> <b>for the year ended 31 December 2020</b>							
<b>13. Property, plant and equipment</b>							
<b>The Group</b>							
<b>Cost:</b>	<b>Leasehold land and buildings</b>	<b>Plant and Machinery</b>	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Office Furniture</b>	<b>Capital Work in progress</b>	<b>Total</b>
	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)	-	-	-	-	(683)
Reclassifications	30,133.34	42,607	2,946	13,458	20,282	(109,426)	0
Other reclassifications**	-	-	-	-	-	(1,096)	(1,096)
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)
<b>At 31 December 2019</b>	<b>8,791,199</b>	<b>19,276,743</b>	<b>1,228,370</b>	<b>2,422,286</b>	<b>871,501</b>	<b>588,125</b>	<b>33,178,225</b>
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	991,108	135,383	971,890	61,668	2,277,996	4,495,865
Disposals	-	(260,770)	(6,441)	(312,181)	(5,649)	(2,966)	(588,007)
Assets held for sale	(223,225)	(362,267)	(10,329)	-	(7,710)	-	(603,531)
Reclassification	6,861	276,379	-	14,255	1,712	(299,207)	-
<b>At 31 December 2020</b>	<b>8,632,655</b>	<b>19,921,193</b>	<b>1,346,983</b>	<b>3,096,251</b>	<b>921,522</b>	<b>2,563,948</b>	<b>36,482,552</b>
<b>Accumulated depreciation and impairment</b>							
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)
<b>At 31 December 2019</b>	<b>1,887,895</b>	<b>9,345,714</b>	<b>1,002,984</b>	<b>1,349,184</b>	<b>660,859</b>	<b>12,000</b>	<b>14,258,637</b>
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	279,271	1,206,886	107,089	377,987	49,876	-	2,021,109
Disposals	-	(211,725)	(4,829)	(248,896)	(5,543)	-	(470,993)
Assets held for sale	(24,197)	(301,119)	(5,741)	-	(6,978)	-	(338,035)
<b>At 31 December 2020</b>	<b>2,142,969</b>	<b>10,039,757</b>	<b>1,099,503</b>	<b>1,478,275</b>	<b>698,214</b>	<b>12,000</b>	<b>15,470,718</b>
Net book values:							
<b>At 31 December 2020</b>	<b>6,489,686</b>	<b>9,881,437</b>	<b>247,480</b>	<b>1,617,976</b>	<b>223,308</b>	<b>2,551,948</b>	<b>21,011,834</b>
<b>At 31 December 2019</b>	<b>6,903,304</b>	<b>9,931,029</b>	<b>225,386</b>	<b>1,073,102</b>	<b>210,642</b>	<b>576,125</b>	<b>18,919,587</b>
**Other reclassifications are assets that were transfered to/from PPE and to/from Intangible asset due to change in the use.							

**UAC of Nigeria PLC**
**Notes to the audited consolidated and separate financial statements  
for the year ended 31 December 2020**
**13. Property, plant and equipment**
**The Company**

<b>Cost:</b>	<b>Leasehold land and buildings</b>	<b>Plant and Machinery</b>	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Office Furniture</b>	<b>Capital Work in progress</b>	<b>Total</b>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
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)
<b>At 31 December 2019</b>	<b>617,374</b>	<b>274,465</b>	<b>423,788</b>	<b>254,084</b>	<b>68,319</b>	<b>1,712</b>	<b>1,639,742</b>
At 1 January 2020	617,374	274,465	423,788	254,084	68,319	1,712	1,639,742
Additions	-	141,639	7,499	89,500	4,460	117,406	360,504
Disposals	-	(39,032)	(1,850)	(48,300)	-	-	(89,182)
Reclassifications	-	-	-	-	1,712	(1,712)	-
<b>At 31 December 2020</b>	<b>617,374</b>	<b>377,072</b>	<b>429,437</b>	<b>295,285</b>	<b>76,203</b>	<b>115,694</b>	<b>1,911,064</b>
<b>Accumulated depreciation and impairment</b>							
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	-	-	(1,491)	(56,796)	-	-	(58,287)
Adjustments	19,190	(4,804)	(10,435)	-	(4,366)	-	(416)
<b>At 31 December 2019</b>	<b>216,011</b>	<b>228,059</b>	<b>392,824</b>	<b>57,227</b>	<b>46,519</b>	<b>-</b>	<b>940,640</b>
At 1 January 2020	216,011	228,059	392,824	57,227	46,519	-	940,640
Charge for the year	16,504	27,984	18,208	65,585	10,185	-	138,466
Disposals	-	(34,411)	(944)	(20,830)	-	-	(56,185)
<b>At 31 December 2020</b>	<b>232,515</b>	<b>221,632</b>	<b>410,088</b>	<b>101,982</b>	<b>56,704</b>	<b>-</b>	<b>1,022,920</b>
Net book values:							
<b>At 31 December 2020</b>	<b>384,859</b>	<b>155,440</b>	<b>19,349</b>	<b>193,303</b>	<b>19,499</b>	<b>115,694</b>	<b>888,144</b>
<b>At 31 December 2019</b>	<b>401,363</b>	<b>46,406</b>	<b>30,964</b>	<b>196,857</b>	<b>21,800</b>	<b>1,712</b>	<b>699,102</b>

\*Adjustments have been recognised to align the values in the PPE SAP module and the PPE schedule.

No borrowing cost was capitalised during the year

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

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**14. 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 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
Transfer	-	-	-	-	-	-	-	-
Assets held for sales	-	-	(364,736)	-	(364,736)	-	-	-
<b>At 31 December 2019</b>	<b>548,747</b>	<b>1,070,185</b>	<b>836,150</b>	<b>4,620</b>	<b>2,459,703</b>	<b>188,972</b>	<b>4,620</b>	<b>193,592</b>
At 1 January 2020	548,747	1,070,185	836,150	4,620	2,459,703	188,972	4,620	193,592
Additions - externally acquired during the year	-	-	8,729	-	8,729	2,710	-	2,710
Transfers	-	-	4,620	(4,620)	-	4,620	(4,620)	-
Reclassification	-	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>548,747</b>	<b>1,070,185</b>	<b>849,499</b>	<b>-</b>	<b>2,468,432</b>	<b>196,302</b>	<b>-</b>	<b>196,302</b>
Accumulated amortisation								
At 1 January 2019	-	288,439	995,497	-	1,283,936	170,925	-	170,925
Amortisation for the year	-	-	89,192	-	89,192	12,465	-	12,465
Assets held for sales	-	-	(331,029)	-	(331,029)	-	-	-
<b>At 31 December 2019</b>	<b>-</b>	<b>288,439</b>	<b>753,661</b>	<b>-</b>	<b>1,042,100</b>	<b>183,389</b>	<b>-</b>	<b>183,389</b>
At 1 January 2020	-	288,439	753,661	-	1,042,100	183,389	-	183,389
Amortisation for the period	-	-	53,110	-	53,110	2,879	-	2,879
<b>At 31 December 2020</b>	<b>-</b>	<b>288,439</b>	<b>806,771</b>	<b>-</b>	<b>1,095,210</b>	<b>186,268</b>	<b>-</b>	<b>186,268</b>
Net book values								
<b>At 31 December 2020</b>	<b>548,747</b>	<b>781,747</b>	<b>42,728</b>	<b>-</b>	<b>1,373,223</b>	<b>10,034</b>	<b>-</b>	<b>10,034</b>
<b>At 31 December 2019</b>	<b>548,747</b>	<b>781,747</b>	<b>82,489</b>	<b>4,620</b>	<b>1,417,604</b>	<b>5,583</b>	<b>4,620</b>	<b>10,203</b>

**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
2020	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
	<b>548,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>548,747</b>
	Opening	Addition	Disposal	Impairment	Other Adjustments	Closing
2019	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Livestock Feeds	209,705	-	-	-	-	209,705
Portland Paints	339,042	-	-	-	-	339,042
	<b>548,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>548,747</b>

## UAC of Nigeria PLC

### Notes to the audited consolidated and separate financial statements for the year ended 31 December 2020

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#### ***Animal Feeds CGU under Livestock Feeds***

The recoverable amount of Animal Feeds which is the only segment under Livestock Feeds CGU is ₦5.2 billion as at 31 December 2020, 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) 13.6% . 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 2020.

#### ***Paints CGU under Portland Paints***

The recoverable amount of Paints which is the only segment under Portland Paints CGU is ₦2.7 billion as at 31 December 2020, determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of Directors of Portland Paints & Products PLC covering a four-year period. The weighted average after-tax discount rate applied to cash flow projections is 19.6% 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 ₦2 billion. As a result of this analysis, management has concluded that there was no impairment charged as at 31 December 2020.

#### **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 and Products 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% and 36% 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 the last year of the projection, a terminal growth rate of 2.5%, in line with Nigeria's estimated GDP growth rate for 2020 has been assumed. The effect of new entrants is not expected to have an adverse impact on the forecast. 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 as at 31 December 2020 and no impairment was deemed required.



15 . 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
<b>Fair value</b>						
At 1 January 2019	690,035	6,506,628	7,196,663	-	2,694,651	2,694,651
Additions during the year	-	1,590	1,590	-	1,590	1,590
Disposals	-	(380,000)	(380,000)	-	(380,000)	(380,000)
Net fair value loss on investment properties	-	(219,617)	(219,617)	-	(219,617)	(219,617)
Assets of disposal group held for sale/distribution (Note 36)	(272,300)	(3,926,000)	(4,198,300)	-	-	-
<b>At 31 December 2019</b>	<b>417,735</b>	<b>1,982,601</b>	<b>2,400,336</b>	<b>-</b>	<b>2,096,624</b>	<b>2,096,624</b>
At 1 January 2020	417,735	1,982,601	2,400,336	-	2,096,624	2,096,624
Additions during the period	-	393	393	-	393	393
Net gain from fair value adjustments on investment property	-	234,270	234,270	-	234,270	234,270
<b>At 31 December 2020</b>	<b>417,735</b>	<b>2,217,264</b>	<b>2,634,999</b>	<b>-</b>	<b>2,331,287</b>	<b>2,331,287</b>

Fair value of investment properties is categorised as follows:

	31-Dec-20	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
Internal valuation		-	-	-	-	-	-
External valuation		417,735	2,217,264	2,634,999	-	2,331,287	2,331,287
		417,735	2,217,264	2,634,999	-	2,331,287	2,331,287

Fair value of investment properties is categorised as follows:

	31-Dec-19	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
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

**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 2020 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).

Rental income schedule	The Group		The Company	
	31 Dec 20 N' 000	31 Dec 19 N' 000	31 Dec 20 N' 000	31 Dec 19 N' 000
Rental income derived from investment properties	231,188	242,040	231,188	242,040
Direct operating expenses (including repairs and maintenance) on investment property generating rental income	(4,991)	(3,476)	(4,991)	(3,476)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-	-	-
<b>Profit arising from investment properties carried at fair value</b>	<b>226,197</b>	<b>238,564</b>	<b>226,197</b>	<b>238,564</b>

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 N238,946,000 (2019: N242,040,000)

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

	The Group		The Company	
	2020 N' 000	2019 N' 000	2020 N' 000	2019 N' 000
0-1 year	51,912	159,646	51,912	159,646
1-5 years	-	-	-	-
Above 5 years	-	-	-	-
<b>Total</b>	<b>51,912</b>	<b>159,646</b>	<b>51,912</b>	<b>159,646</b>

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.

16. Investments in subsidiaries

Company

	31 Dec 20	31 Dec 19		
	N' 000	N' 000		
Opening balance	14,563,767	21,207,536		
Additions - Acquisitions in Subsidiaries	52,184	69,360		
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)		
<b>Closing Balance</b>	<b>14,615,951</b>	<b>14,563,767</b>		
	<b>31 Dec 20</b>	<b>31 Dec 19</b>	<b>31 Dec 20</b>	<b>31 Dec 19</b>
	N' 000	N' 000	% ownership	% ownership
<b>Quoted shares:</b>				
<i>Chemical and Allied Products PLC</i>	494,684	494,684	51.49	51.49
361,034,361 ordinary shares of 50k each				
<i>Livestock Feeds PLC</i>	2,246,401	2,246,401	73.29	73.29
2,198,745,272 ordinary shares of 50k each				
<i>Portland Paints and Products Nigeria PLC</i>	1,949,667	1,938,283	85.98	85.50
682,152,275 (2019: 677,093,500) ordinary shares of 50k each				
<b>Unquoted shares:</b>				
<i>Grand Cereals Limited</i>	7,259,495	7,259,495	71.43	71.43
1,360,081,786 ordinary shares of N1 each				
<i>UAC Foods Limited</i>	2,414,414	2,414,414	51.00	51.00
102,000,000 ordinary shares of 50k each				
<i>UAC Restaurants Limited</i>	251,290	210,489	51.00	51.00
139,230,000 ordinary shares of 50k each				
	<b>14,615,951</b>	<b>14,563,767</b>		

Investments in subsidiaries are measured at cost

	2020	The Company	% Shareholding	
	N' 000	2019	2020	2019
<b>16 (i) Non-Current Assets Held for Sale</b>		N' 000		
<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
MDS Logistics Ltd	-	1,861,233	-	51.00
51,000,000 ordinary shares of 50k each				
	<b>130,000</b>	<b>3,658,420</b>		

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**17. Equity instrument at fair value through other comprehensive income**

*The details and carrying amount of Equity instrument at fair value through other comprehensive income are as follows:*

	<b>The Group</b>	<b>2019</b>	<b>The Company</b>	<b>2019</b>
	<b>2020</b>		<b>2020</b>	
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
At 1 January	28,771	47,729	28,771	30,000
Fair value gain/(loss)	159,354	(1,229)	159,354	(1,229)
Write-off	-	(17,729)	-	-
<b>At 31 December</b>	<b>188,125</b>	<b>28,771</b>	<b>188,125</b>	<b>28,771</b>

**The Group**

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

**18. Investments in associates and equity accounted joint ventures**

Set out below is the associate of the Group as at 31 December 2020. The associate as listed below have share capital consisting solely of ordinary shares, which are directly held by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in associate:

	<b>Country of</b>	<b>The Group</b>	<b>2019</b>	<b>The Company</b>	<b>2019</b>
	<b>incorporation</b>	<b>2020</b>		<b>2020</b>	
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
UPDC REIT	Nigeria	24.34%	-	24.34%	-
UPDC PLC	Nigeria	42.85%	-	42.85%	-
MDS Logistics	Nigeria	43%	-	43%	-
		<b>The Group</b>	<b>2019</b>	<b>The Company</b>	<b>2019</b>
		<b>2020</b>		<b>2020</b>	
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Associate</b>					
UPDC REIT		3,571,660	-	3,571,660	-
MDS Logistics		4,780,984	-	1,569,275	-
UPDC PLC		4,665,924	-	3,745,233	-
<b>At 31 December</b>		<b>13,018,568</b>	<b>-</b>	<b>8,886,167</b>	<b>-</b>

**18.1 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, UPDC PLC a real estate entity made up of business units involved in real estate development and hospitality and MDS Logistics a business unit involved in rendering logistics and supply chain services. UPDC and UPDC REITs are 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 as an investment in associate.

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

	<b>The Group</b>	<b>2019</b>	<b>The Company</b>	<b>2019</b>
	<b>2020</b>		<b>2020</b>	
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
At 1 January	-	20,017,860	-	-
Addition	11,973,792	-	8,886,167	-
Share of profit	973,316	584,617	-	-
Share of other comprehensive income	71,460	-	-	-
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)	-	-
<b>At 31 December</b>	<b>13,018,568</b>	<b>-</b>	<b>8,886,167</b>	<b>-</b>

Set out below are the summarised financial information for the associate and joint ventures accounted for using the equity method.

	<b>Non-current</b>	<b>Current asset</b>	<b>Non-current</b>	<b>Current liabilities</b>	<b>Cash &amp; Cash</b>	<b>Net Asset</b>
	<b>asset</b>		<b>liabilities</b>		<b>equivalent</b>	
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>31-Dec-20</b>						
UPDC REIT	26,634,571	5,392,755	-	1,108,781	1,305,432	30,918,545
UPDC PLC	2,688,812	19,603,860	4,345,562	8,305,323	2,947,335	9,641,788
MDS Logistics	68,181,801	3,553,299	3,871,206	1,551,435	424,594	4,949,459
	<b>Revenue</b>	<b>Depreciation</b>	<b>Interest income</b>	<b>Interest expense</b>	<b>Tax expense</b>	<b>Profit/(loss)</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>31-Dec-20</b>						
UPDC REIT	1,566,896	-	332,041	-	-	1,940,347
UPDC PLC	1,662,487	8,414	35,172	(1,512,946)	(115,023)	(605,917)
MDS Logistics	7,969,861	957,166	4,428	(491,841)	(99,309)	288,567
	<b>Non-current</b>	<b>Current asset</b>	<b>Non-current</b>	<b>Current liabilities</b>	<b>Cash &amp; Cash</b>	<b>Net Asset</b>
	<b>asset</b>		<b>liabilities</b>		<b>equivalent</b>	
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>31-Dec-19</b>						
UPDC REIT	27,053,978	4,180,190	-	681,690	3,174,924	30,552,478
	<b>Revenue</b>	<b>Depreciation</b>	<b>Interest income</b>	<b>Interest expense</b>	<b>Tax expense</b>	<b>Profit/(loss)</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>31-Dec-19</b>						
UPDC REIT	1,686,205	-	692,266	-	-	(449,293)

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	The Group		The Company	
	2020	2019	2020	2019
	N' 000	N' 000	N' 000	N' 000
<b>19. Debt instrument at amortised cost</b>				
At 1 January	2,015,218	-	2,015,218	-
Additions during the year	-	2,000,503	-	2,000,503
Coupon accrued	102,582	14,715	102,582	14,715
Coupon received	(152,794)	-	(152,794)	-
Exchange gain on revaluation	240,368	-	240,368	-
Gross investment in debt	2,205,374	2,015,218	2,205,374	2,015,218
ECL -Impairment (Note 3.1 (b))	(31,070)	(23,311)	(31,070)	(23,311)
<b>At 31 December</b>	<b>2,174,304</b>	<b>1,991,907</b>	<b>2,174,304</b>	<b>1,991,907</b>

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 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 N31,070,040 (2019: N23,311,353).

	Stage 1	Stage 2	Stage 3	Total
	N' 000	N' 000	N' 000	N' 000
<b>Bond type</b>				
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	446,281	-	-	446,281
<b>Total</b>	<b>2,205,374</b>	<b>-</b>	<b>-</b>	<b>2,205,374</b>

	Stage 1	Stage 2	Stage 3	Total
	N' 000	N' 000	N' 000	N' 000
<b>Movement in Expected Credit Loss (ECL)</b>				
At 1 January 2019	-	-	-	-
New asset purchased	23,311			23,311
<b>At 31 December 2019</b>	<b>23,311</b>	<b>-</b>	<b>-</b>	<b>23,311</b>
At 1 January 2020	23,311	-	-	23,311
Additions in the year	7,759	-	-	7,759
<b>At 31 December 2020</b>	<b>31,070</b>	<b>-</b>	<b>-</b>	<b>31,070</b>

**20. Right of return assets and refund liabilities**

	The Group		The Company	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	N' 000	N' 000	N' 000	N' 000
Right of return assets	14,330	7,384	-	-
Refund liabilities				
- Arising from retrospective volume rebates	-	-	-	-
- Arising from rights of return	17,195	8,093	-	-
	<b>17,195</b>	<b>8,093</b>	<b>-</b>	<b>-</b>

**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.

**21. 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.

	Land and Building	Plant and Machinery	Total
	N' 000	N' 000	N' 000
At 1 January 2019	1,309,101	322,357	1,631,458
Depreciation expenses	(367,302)	(147,749)	(515,051)
<b>At 31 December 2019</b>	<b>941,799</b>	<b>174,608</b>	<b>1,116,407</b>
At 1 January 2020	941,799	174,608	1,116,407
Additions	246,469	-	246,469
Depreciation expenses	(337,470)	(133,721)	(471,191)
Lease termination	(402,696)	-	(402,696)
<b>At 31 December 2020</b>	<b>448,102</b>	<b>40,887</b>	<b>488,989</b>

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

	The Group	
	2020	2019
	N' 000	N' 000
<b>21. Lease Liability</b>		
At 1 January	982,117	1,152,882
Accretion interest	124,497	185,152
Additions during the year	164,568	-
Payment of principal	(387,350)	(355,917)
Interest payment	(74,259)	-
Lease terminated	(334,256)	-
<b>At 31 December</b>	<b>475,317</b>	<b>982,117</b>
Current	250,926	526,623
Non-current	224,391	455,494
	<b>475,317</b>	<b>982,117</b>

The maturity analysis of lease liabilities are disclosed in Note 3.3

## 22. Inventories

	The Group		The Company	
	2020	2019	2020	2019
	N' 000	N' 000	N' 000	N' 000
Raw materials and consumables	16,496,939	12,440,215	3,602	3,602
Technical stocks and spares	1,425,162	1,655,627	-	-
Finished goods and goods for resale	2,256,152	2,245,052	-	-
	20,178,253	16,340,893	3,602	3,602
Write down to net realisable value (Note 8)	(55,182)	(50,681)	-	-
	<b>20,123,071</b>	<b>16,290,212</b>	<b>3,602</b>	<b>3,602</b>

## 23. Trade and other receivables

	The Group		The Company	
	2020	2019	2020	2019
	N' 000	N' 000	N' 000	N' 000
Receivables due within one year				
Trade receivables	3,892,028	3,126,356	-	-
Less: allowance for impairment of trade receivables	(1,191,031)	(1,230,771)	-	-
<b>Net trade receivables</b>	<b>2,700,997</b>	<b>1,895,584</b>	<b>-</b>	<b>-</b>
Receivables from group companies - Note 34 b	-	-	550,632	336,488
Receivables from associates - Note 34b	42,366	-	42,366	-
Loan receivable from associate	1,143,354	-	1,163,945	16,494,144
Allowance for expected credit losses on associates and related party receivables	(29,071)	-	(29,557)	(153,860)
Other receivables	263,221	1,149,965	119,110	318,308
Advance payments	315,364	-	-	-
WHT receivable	1,133,430	1,070,382	701,050	633,965
Prepayments - staff grants	96,986	168,084	35,500	31,758
Prepayments- Other	833,643	731,303	16,849	16,636
	<b>6,500,290</b>	<b>5,015,319</b>	<b>2,599,896</b>	<b>17,677,438</b>

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 relate to transactions such as advances to staff and VAT receivables. 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	
	2020	2019	2020	2019
	N' 000	N' 000	N' 000	N' 000
Prepayments - Current	930,629	899,386	52,349	48,394
Prepayments - Non-current	48,126	132,960	48,126	131,191
<b>Total prepayments</b>	<b>978,755</b>	<b>1,032,346</b>	<b>100,475</b>	<b>179,585</b>

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		The Company	
	2020	2019	2020	2019
	N' 000	N' 000	N' 000	N' 000
At 1 January	1,230,771	1,693,208	-	-
Reversal of allowance for receivables impairment	(522)	(181,754)	-	-
Expected credit loss allowance	78,269	-	-	-
Amount written off	(117,487)	-	-	-
Assets held for sale	-	(280,683)	-	-
<b>At 31 December</b>	<b>1,191,031</b>	<b>1,230,771</b>	<b>-</b>	<b>-</b>

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

	The Group		The Company	
	2020	2019	2020	2019
	N' 000	N' 000	N' 000	N' 000
At 1 January	-	-	153,860	111,436
Impairment charge no longer required	-	-	(153,374)	-
Impairment charge for the year	29,071	-	29,071	42,424
<b>At 31 December</b>	<b>29,071</b>	<b>-</b>	<b>29,557</b>	<b>153,860</b>

	The Group	
	2020	2019
	N' 000	N' 000
<b>23.1 Finance lease receivable</b>		
Gross investment in lease	91,601	-
Unearned finance income	(81,229)	-
	<b>10,372</b>	<b>-</b>
	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>
Current asset	1606	-
Non-current asset	8766	-
<b>Total finance lease receivable</b>	<b>10372</b>	<b>-</b>



## 24. Cash and cash equivalents

	The Group 2020 N' 000	2019 N' 000	The Company 2020 N' 000	2019 N' 000
Cash at bank and in hand	1,436,443	5,867,483	94,042	35,297
Short-term deposits	22,622,311	16,191,616	14,714,277	8,138,501
Expected credit losses on short term deposit	(30,252)	(47,635)	(4,554)	(47,634)
Cash at banks and short term deposits attributable to discontinued operations	243,812	1,879,671	-	-
<b>Cash and short-term deposits</b>	<b>24,272,314</b>	<b>23,891,135</b>	<b>14,803,765</b>	<b>8,126,164</b>

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 (2019: N2.0 bn).

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 2020 N' 000	2019 N' 000	The Company 2020 N' 000	2019 N' 000
Cash and short-term deposits	24,302,566	23,938,769	14,808,319	8,173,798
<b>Balances per statement of cash flow</b>	<b>24,302,566</b>	<b>23,938,769</b>	<b>14,808,319</b>	<b>8,173,798</b>

## 25. Borrowings

	The Group 2020 N' 000	2019 N' 000
<b>Current borrowings</b>		
Loans due within one year	2,503,673	4,595,937
	<b>2,503,673</b>	<b>4,595,937</b>
<b>Non-current borrowings</b>		
Loans due after one year (i)	1,735,284	1,850,583
<b>Total borrowings</b>	<b>4,238,957</b>	<b>6,446,520</b>
<b>As at 1 January</b>	6,446,520	24,172,361
Repayment of borrowing during the year	(7,926,033)	(3,605,897)
Initial fair value of grant	(283,631)	(59,421)
Interest on loans	376,363	799,282
Interest paid	(315,532)	(787,588)
Additions	5,941,270	4,485,995
Liabilities of disposal group held for sale/distribution	-	(18,558,212)
<b>As at 31 December</b>	<b>4,238,957</b>	<b>6,446,520</b>

The above borrowings are denominated in Naira

The borrowings are repayable as follows:

	The Group 2020 N' 000	2019 N' 000
Within one year	2,503,673	4,595,937
Between one to two years	1,735,284	1,850,583
	<b>4,238,957</b>	<b>6,446,520</b>

### (i) Loans due within one year

Bank	Effective Interest Rate	The Group 2020 N' 000	2019 N' 000	Maturity date	Security
Sterling Bank Plc - Agric Loan	5% (8.5%)	-	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%	75,103	-	Dec-20	No security
Zenith bank (CBN Maize Aggregation)	5% (10.9%)	-	2,000,000	Dec-20	No security
		<b>2,503,673</b>	<b>4,595,937</b>		

The above borrowings are denominated in Naira  
The Company has no loans as at 31 December 2020

### (ii) Loans due after one year

Details of the loan maturities due after one year are as follows:	Effective Interest Rate	The Group 2020 N' 000	2019 N' 000	Maturity date
<b>Facility</b>				
Grand Cereals Ltd: Sterling Bank Plc & BOI - Agric loan	5% (8.5%)	1,735,284	1,850,583	July, 2020
		<b>1,735,284</b>	<b>1,850,583</b>	
		<b>1,735,284</b>	<b>1,850,583</b>	

The average interest rate for facilities from local banks during the period was 13.4% (2019 was 13.4%).

### The Company

The company had no loan as at 31 December 2020.

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**26. Deferred Tax**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Deferred tax assets:				
– Deferred tax asset to be recovered after more than 12 months	38,653	11,619	-	-
– Deferred tax asset to be recovered within 12 months	-	-	-	-
<b>Deferred tax assets</b>	<b>38,653</b>	<b>11,619</b>	<b>-</b>	<b>-</b>
Deferred tax liabilities:				
– Deferred tax liability to be recovered after more than 12 months	(4,486,338)	(4,150,461)	(435,991)	(24,625)
– Deferred tax liability to be recovered within 12 months	-	-	-	-
<b>Deferred tax liabilities</b>	<b>(4,486,338)</b>	<b>(4,150,461)</b>	<b>(435,991)</b>	<b>(24,625)</b>
<b>Net Deferred tax liabilities</b>	<b>(4,447,685)</b>	<b>(4,138,842)</b>	<b>(435,991)</b>	<b>(24,625)</b>

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
At 1 January	(4,138,842)	(4,621,286)	(24,625)	(73,648)
Adjustment of opening balance*	-	580,758	-	-
(Credited)/charged to profit or loss	(308,843)	(98,314)	(411,366)	49,023
<b>At 31 December</b>	<b>(4,447,685)</b>	<b>(4,138,842)</b>	<b>(435,991)</b>	<b>(24,625)</b>

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

	<b>Property, plant and equipment</b>	<b>Allowance for impairment on receivables</b>	<b>Tax losses</b>	<b>Leases</b>	<b>Exchange difference</b>	<b>Investment properties</b>	<b>Capital Gains to be reinvested</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
At 1 January 2019	(5,571)	(52,171)	147,885	-	-	-	-	90,144
(Credited)/charged to profit or loss	(92,081)	161,442	(147,885)	-	-	-	-	(78,525)
<b>At 31 December 2019</b>	<b>(97,652)</b>	<b>109,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,619</b>
At 1 January 2020	(97,652)	109,271	-	-	-	-	-	11,619
Charged to profit or loss	11,512	15,522	-	-	-	-	-	27,034
<b>At 31 December 2020</b>	<b>(86,140)</b>	<b>124,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,653</b>

The Group has tax losses of ₦156,869,000 (2019: ₦134,917,000) 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**

	Property, plant and equipment N'000	Allowance for impairment on receivables N'000	Tax losses N'000	Leases N'000	Exchange difference N'000	Investment properties N'000	Capital Gains to be reinvested N'000	Total N'000
<b>Deferred tax liabilities</b>								
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
<b>At 31 December 2019</b>	<b>4,032,504</b>	<b>(241,678)</b>	<b>-</b>	<b>-</b>	<b>(12,464)</b>	<b>786,687</b>	<b>(414,588)</b>	<b>4,150,461</b>
At 1 January 2020	4,032,504	(241,678)	-	-	(12,464)	786,687	(414,588)	4,150,461
(Credited)/Charged to profit or loss	(10,023)	78,088	(54,134)	8,119	85,181	228,646	-	335,877
<b>At 31 December 2020</b>	<b>4,022,481</b>	<b>(163,590)</b>	<b>(54,134)</b>	<b>8,119</b>	<b>72,717</b>	<b>1,015,333</b>	<b>(414,588)</b>	<b>4,486,338</b>

\* 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**

	Property, plant and equipment N'000	Allowance for impairment on receivables N'000	Unutilised tax credits N'000	Leases N'000	Exchange difference N'000	Investment properties N'000	Capital Gains to be reinvested N'000	Total N'000
<b>Deferred tax (assets)/liabilities</b>								
At 1 January 2019	(74,361)	(128,764)	-	-	1,576	275,197	-	73,649
(Credited)/Charged to profit or loss	(9,259)	(21,407)	-	-	3,605	(21,962)	-	(49,023)
<b>At 31 December 2019</b>	<b>(83,620)</b>	<b>(150,171)</b>	<b>-</b>	<b>-</b>	<b>5,181</b>	<b>253,235</b>	<b>-</b>	<b>24,625</b>
At 1 January 2020	(83,620)	(150,171)	-	-	5,181	253,235	-	24,625
Charged to profit or loss	246,381	99,302	(52,140)	-	85,181	32,643	-	411,366
<b>At 31 December 2020</b>	<b>162,761</b>	<b>(50,920)</b>	<b>(52,140)</b>		<b>90,362</b>	<b>285,878</b>	<b>-</b>	<b>435,991</b>

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**27. Trade and other payables**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
Trade payables	4,081,749	5,003,051	-	-
Provision for employee leave	485	77	-	-
Defined contribution benefit owing to UNICO fund	56,612	68,698	-	-
Other payables	2,145,394	2,360,686	189,729	38,351
WHT payable	122,687	83,259	18,931	6,616
VAT payable	371,888	307,951	9,641	1,986
PAYE payable	55,801	485	52,396	23,874
Accruals	2,995,325	1,936,138	948,721	1,049,472
<b>Total</b>	<b>9,829,941</b>	<b>9,760,344</b>	<b>1,219,418</b>	<b>1,120,300</b>

***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.

Other payables houses balances for trade creditors and payables to vendors.

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

**28. Government Grant**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
<b>At 1 January</b>	<b>50,107</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amount received during the year	283,631	59,421	-	-
Released to the statement of profit or loss	(66,355)	(9,314)	-	-
<b>At 31 December</b>	<b>267,383</b>	<b>50,107</b>	<b>-</b>	<b>-</b>
Current	58,343	50,107	-	-
Non-current	209,040	-	-	-
	267,383	50,107	-	-

Government grant relates to government facilities received by 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. The grants are recognised as deferred income and amortised to profit or loss on a systematic basis over the useful life of the assets in line with their respective accounting policies.

**29. Contract liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
<b>At 1 January</b>	<b>869,259</b>	<b>268,686</b>	<b>152,775</b>	<b>134,276</b>
Deferred during the period	663,890	661,111	199,024	240,050
Released to the statement of profit or loss	(192,522)	(60,539)	(192,522)	(221,551)
<b>At 31 December</b>	<b>1,340,627</b>	<b>869,259</b>	<b>159,277</b>	<b>152,775</b>

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.

**30. Dividend payable**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>	<b>N' 000</b>
As at 1 January	5,517,803	5,375,416	4,843,925	4,899,962
Dividend declared	429,260	3,331,135	288,130	1,844,029
Dividend paid during the year to NCI	(130,404)	(1,589,303)	-	-
Dividend paid during the year to equity holders of the parent company	(288,130)	(2,073,296)	(288,130)	(2,073,296)
Statute barred unclaimed dividend written back	(10,677)	(206,342)	(10,677)	(206,342)
Unclaimed dividend refunded	566,456	1,020,114	293,831	379,571
Disposal group held for sale	-	(339,920)	-	-
<b>At 31 December</b>	<b>6,084,307</b>	<b>5,517,803</b>	<b>5,127,079</b>	<b>4,843,925</b>

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**31. Provisions**

<b>The Group</b>	<b>Provisions</b>	<b>Legal claim</b>	<b>Decommissioning liability</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N' 000</b>	<b>N' 000</b>
At 1 January 2019	3,000	90,085	10,874	103,959
Unwinding of discount	3,000		3740	6,740
Provision write back			(11,161)	(11,161)
Additional provision			3,934	3,934
Exchange difference arising on litigation	-	(137)		(137)
<b>31 December 2019</b>	<b>6,000</b>	<b>89,948</b>	<b>7,387</b>	<b>103,335</b>
Current	-	89,948	6,000	95,948
Non-current	6,000		1,387	7,387
At 1 January 2020	6,000	89,948	7,387	103,335
Unwinding of discount	-	-	970	970
Charge to profit or loss	-	99,070	-	99,070
Derecognised on payment	-	(2,500)	(2,000)	(4,500)
Provision write back	-	(500)	-	(500)
<b>31 December 2020</b>	<b>6,000</b>	<b>186,018</b>	<b>6,357</b>	<b>198,375</b>
Current	6,000	186,018	-	192,018
Non-current	-	-	6,357	6,357

***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.

**Provision**

The recognised provision reflects best estimate of the most likely outcome of Pencom audit against a Group's entity based on the estimated report submitted by the consultant appointed by Pencom.

<b>The Company</b>	<b>Legal claim</b>	
	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	89,948	90,085
Exchange difference arising on litigation	-	(137)
<b>At 31 December</b>	<b>89,948</b>	<b>89,948</b>

***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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**32. Share Capital**  
**Group and Company**

	2020		2019	
	Number 000	Amount N' 000	Number 000	Amount N' 000
<b>Authorised:</b>				
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
<b>Total authorised share capital</b>	<b>3,400,000</b>	<b>1,700,000</b>	<b>3,400,000</b>	<b>1,700,000</b>
<b>Issued and fully paid:</b>				
Ordinary shares of 50k each	2,881,296	1,440,648	2,881,296	1,440,648
<b>Total called up share capital</b>	<b>2,881,296</b>	<b>1,440,648</b>	<b>2,881,296</b>	<b>1,440,648</b>

***Nature and purpose of Other Reserves and related transactions***

***Share Premium***

Section 145.2 of Companies and Allied Matters Act 2020 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 reserve***

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

***Rights issue***

\*UPDC carried out a Rights Issues in Q1 2020. UACN of Nigeria Plc paid for its Rights by utilizing N15.7 billion of the N16 billion Bridge facility. The Rights Issue was approved on 20 April, 2020. Related cost incurred on the issuance of the rights amounted to N380m for the Group.



### 33. Reconciliation of profit/(loss) before tax to cash generated from/(used in) operations

		Group		Company	
		2020	2019	2020	2019
	Note	N' 000	N' 000	N' 000	N' 000
<b>Profit/(loss) before tax from continuing operations</b>		5,120,845	7,456,259	(2,061,677)	1,973,746
Loss before tax from discontinued operations		543,760	(14,696,369)	-	-
Adjustment for net finance income		(550,220)	(1,789,846)	(1,435,793)	(2,616,821)
<b>Operating profit/(loss)</b>		<b>5,114,385</b>	<b>(9,029,956)</b>	<b>(3,497,470)</b>	<b>(643,075)</b>
<i>Adjustments to reconcile operating profit/(loss) to net cash flows</i>					
Amortisation of intangible assets	8	53,110	89,192	2,879	12,465
Dividend income	6	(9,675)	(6,441)	(349,695)	(2,296,398)
Depreciation charge on property, plant and equipment	8	2,021,109	1,836,774	138,466	145,568
Depreciation charge on right of use asset	8	471,191	515,051	-	-
Write off of inventories to net realisable value	8	55,182	50,681	-	-
Realisation on Warm Spring Waters Nigeria Limited liquidation	7i	-	-	-	(295,863)
Impairment of loan of Warm Spring Waters Nigeria Limited		-	(652,023)	-	-
Expected credit loss on debt securities	7ii	7,759	23,311	7,759	23,311
Expected credit loss on related party receivables	7ii	-	-	29,071	42,424
Expected credit loss writeback on trade receivables	7i	(522)	(181,754)	(153,374)	-
Write back of expected credit loss on short term deposits		(17,383)	(7,591)	(43,080)	(7,494)
Expected credit loss on trade receivables	7ii	78,269	-	-	-
Effects of exchange rate changes	19	(240,368)	-	(240,368)	-
Net fair value (gains)/losses on investment properties	15	(234,270)	219,617	(234,270)	219,617
Write back of statute barred unclaimed dividend	7i	(10,677)	(206,342)	(10,677)	(206,342)
Unwinding of government grant		(66,355)	(9,314)	-	-
Share of profit in associate	18.1	(973,316)	-	-	-
Loss on lease terminated	21	68,440	-	-	-
Impairment charges on PPE	8	-	137,732	-	-
Loss arising from fair value adjustments of investment in UPDC	7ii	-	-	2,800,269	3,184,709
Write off of PPE		-	1,779	-	-
Loss/(profit) on sale of disposal of subsidiary	7ii	(2,379,992)	(419,808)	136,458	-
Profit on sale of tangible PPE	7i	(2,205)	(79,129)	(3,080)	(7,566)
Net movement in provision		94,070	(7,364)	-	(137)
Profit on sale of Investment Properties	7i	-	(631,286)	-	(631,286)
<b>Operating cash flows before movements in working capital</b>		<b>4,028,752</b>	<b>(8,356,871)</b>	<b>(1,417,112)</b>	<b>(460,065)</b>
Movements in working capital:					
Changes in inventories		(3,888,041)	5,843,934	-	(479)
Changes in trade and other receivables and prepayments		(1,838,017)	(2,177,494)	(736,740)	(12,576,028)
Changes in contract liabilities		471,368	600,573	6,502	18,499
Changes in trade and other payables		69,597	2,662,966	99,118	72,798
Changes in finance lease receivable		(10,372)	-	-	-
Changes in right of return asset		(6,946)	532	-	-
Changes in refund liability		9,102	(1,074)	-	-
<b>Net cash (used in)/generated from operations - continuing operations</b>		<b>(1,164,557)</b>	<b>(1,427,433)</b>	<b>(2,048,236)</b>	<b>(12,945,274)</b>
Changes in assets and liabilities		4,196,720	(83,904)	-	-
<b>Net cash from operations - discontinued operations</b>		<b>4,196,720</b>	<b>(83,904)</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from/(used in) operations</b>		<b>3,032,163</b>	<b>(1,511,337)</b>	<b>(2,048,236)</b>	<b>(12,945,274)</b>

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**34. 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) N527 million ( 2019: N516 million).

This has been included in the revenue of the Company.

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>
UACN Property Development Co. PLC	15,569	18,648
Grand Cereals Limited	303,431	292,353
Chemical & Allied Products PLC	78,498	84,106
Portland Paints & Products Nigeria PLC	25,815	25,894
Livestock Feeds PLC	103,959	95,719
	<b>527,272</b>	<b>516,721</b>

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

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>
<b>Receivable/(Payable):</b>		
<b>Subsidiaries</b>		
UACN Property Development Co. PLC	-	(16,143)
Chemical & Allied Products PLC	94,237	55,248
Grand Cereals Limited	300,938	141,529
UAC Restaurants Limited	(584)	(25,307)
Portland Paints & Products Nigeria PLC	104,506	99,986
Livestock Feeds PLC	31,852	40,223
UAC Foods Ltd	19,684	12,096
MDS Logistics Ltd	-	28,855
	<b>550,632</b>	<b>336,488</b>
<b>Associates</b>		
UACN Property Development Co. PLC	1,182	-
MDS Logistics Ltd	41,184	-
	<b>42,366</b>	<b>-</b>
	<b>592,999</b>	<b>336,488</b>

*(c) Intercompany loan*

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>N' 000</b>	<b>N' 000</b>
UACN Property Development Co. PLC	1,143,354	16,481,499
Grand Cereals Ltd	20,591	-
MDS Logistics Ltd	-	12,645
	<b>1,163,945</b>	<b>16,494,144</b>

All trading balances will be settled in cash.

The expected credit loss relating to related party receivables as at 31 December 2020 was N29,557,000 (2019: N153,860,000) and the net credit to the profit or loss in respect of doubtful related party receivables was N124,303.

*(e) Key Management Personnel*

Total transactions with key management personnel amounted to **Nil** during the year (2019:Nil).

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

**35. Capital commitments**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Capital expenditure authorised	1,871,050	1,871,050	-	-
Capital expenditure authorised & contracted	1,099,958	1,099,958	-	-

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**36. 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. Despite the inability to complete the sale within 12 months, management is still committed to the disposal of the asset. Hence, the continual classification of the asset as held for sale.

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

	<b>31 Dec 20</b>
	<b>N'000</b>
Opening balance	-
Transfer from PPE	265,496
Closing balance	<u>265,496</u>

**36. 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	
	<b>N'000</b>
Cash consideration	662,591
Transaction charges	(3,524)
Carrying amount of net asset disposed	(744,864)
Loss on disposal	<u>(85,797)</u>

Tranche 2	
	<b>N'000</b>
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**

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

\* Total net asset of subsidiary less NCI prior to disposal was ₦15.79bn, the share attributable to NCI amounted to ₦1.71bn.

**UNICO CPFA Limited (UNICO)**

Members of UNICO CPFA at Extra-Ordinary General Meeting approved voluntary winding up of company on February 6, 2019. 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 will be 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 thereby ceding control. The transaction has been concluded in the 2020 financial year, hence profit from the disposal of MDS has been reported under IFRS 5 as non current asset held for disposal/distribution and discontinued operations.

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

**Cash proceed from sale as shown in cash flow statement**

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

\* Total net asset of subsidiary prior to disposal was ₦4.66bn, the share attributable to NCI amounted to ₦2.28bn.

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

	UNICO	TOTAL	UPDC	UNICO	MDS	TOTAL
	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
<b>Assets</b>						
<b>Non-current assets:</b>						
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
Investments in associates	-	-	-	-	-	-
Deferred tax asset	945	945	-	945	-	945
	<b>3,865</b>	<b>3,865</b>	<b>2,547,460</b>	<b>3,865</b>	<b>5,730,240</b>	<b>8,281,565</b>
<b>Current assets</b>						
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	-	-	15,249,451	-	-	15,249,451
<b>Total</b>	<b>3,865</b>	<b>3,865</b>	<b>27,674,398</b>	<b>69,961</b>	<b>8,627,662</b>	<b>36,372,022</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
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
<b>Current liabilities</b>						
Trade and other payables	34,089	34,089	4,510,908	48,952	2,639,272	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
Deferred revenue	-	-	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	-	-	802,626	-	-	802,626
<b>Total</b>	<b>42,094</b>	<b>42,094</b>	<b>10,229,188</b>	<b>56,956</b>	<b>4,368,732</b>	<b>14,654,876</b>

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

	UPDC 31-Dec-20 N'000	UNICO 31-Dec-20 N'000	MDS 31-Dec-20 N'000	TOTAL 31-Dec-20 N'000	UPDC 31-Dec-19 N'000	UNICO 31-Dec-19 N'000	MDS 31-Dec-19 N'000	TOTAL 31-Dec-19 N'000
Revenue	436,074	2,481	-	438,555	2,157,614	70,761	5,679,952	7,908,327
Cost of sales	(369,478)	-	-	(369,478)	(3,035,743)	-	(4,262,576)	(7,298,319)
Gross profit	66,596	2,481	-	69,077	(878,129)	70,761	1,417,375	610,007
FV loss/write down of investment properties	-	-	-	-	57,202	-	-	57,202
(Loss)/Gain on disposal of investment properties	(47,173)	-	-	(47,173)	(96,481)	-	-	(96,481)
Other income/(loss)	(650,577)	(1,014)	-	(651,591)	34,895	10,119	14,197	59,211
Selling and distribution expenses	(53,084)	-	-	(53,084)	(104,860)	-	(45,093)	(149,953)
Administrative expenses	(614,272)	-	-	(614,272)	(520,791)	(27,883)	(631,322)	(1,179,996)
Credit loss reversal/expense	-	-	-	-	239,430	-	-	239,430
Guarantee on First Festival Mall Loan	(775,920)	-	-	(775,920)	-	-	-	-
<b>Operating profit</b>	<b>(2,074,430)</b>	<b>1,467</b>	<b>-</b>	<b>(2,072,963)</b>	<b>(1,268,734)</b>	<b>52,997</b>	<b>755,157</b>	<b>(460,580)</b>
Finance income	3,351	-	-	3,351	5,376	-	115,438	120,814
Finance cost	(637,136)	-	-	(637,136)	(1,730,639)	-	(167,731)	(1,898,370)
Share of profit of associates	-	-	-	-	584,617	-	-	584,617
<b>Loss before impairment</b>	<b>(2,708,215)</b>	<b>1,467</b>	<b>-</b>	<b>(2,706,748)</b>	<b>(2,409,380)</b>	<b>52,997</b>	<b>702,864</b>	<b>(1,653,519)</b>
Impairment of Investment in Associates	-	-	-	-	(261,466)	-	-	(261,466)
<b>(Loss)/Profit before tax</b>	<b>(2,708,215)</b>	<b>1,467</b>	<b>-</b>	<b>(2,706,748)</b>	<b>(2,670,846)</b>	<b>52,997</b>	<b>702,864</b>	<b>(1,914,985)</b>
Tax expense:								-
Related to pre-tax profit/(loss) from the ordinary activities for the period	(74,098)	-	-	(74,098)	454,722	-	(360,082)	94,640
<b>Loss after tax</b>	<b>(2,782,313)</b>	<b>1,467</b>	<b>-</b>	<b>(2,780,846)</b>	<b>(2,216,124)</b>	<b>52,997</b>	<b>342,782</b>	<b>(1,820,345)</b>
Profit/(loss) from discontinued operation	(126,584)	-	3,146,244	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)	(12,638,216)	-	-	(12,638,216)
<b>(Loss)/profit from discontinued operations</b>	<b>(2,678,049)</b>	<b>1,467</b>	<b>3,146,244</b>	<b>469,662</b>	<b>(14,997,508)</b>	<b>52,997</b>	<b>342,782</b>	<b>(14,601,729)</b>
<b>Other Comprehensive income</b>								-
<b>Total comprehensive (loss)/income for the period net of tax</b>	<b>(2,678,049)</b>	<b>1,467</b>	<b>3,146,244</b>	<b>469,662</b>	<b>(14,997,508)</b>	<b>52,997</b>	<b>342,782</b>	<b>(14,601,729)</b>

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) only 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) only at the exchange rate of \$1 - N387.96.

Cashflows from discontinued operations:

The net cash flows incurred are, as follows:

	UPDC 31-Dec-20 N'000	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
Operating	153,993	(12,883)	141,110	(2,716,026)	(106,684)	619,222.00	(2,203,488)
Investing	1,931,346	-	1,931,346	2,772,737	255,027	(1,330,478)	1,697,286
Financing	(874,844)	-	(874,844)	697,341	-	(938,731)	(241,390)
<b>Net cash inflows/(outflows)</b>	<b>1,210,495</b>	<b>(12,883)</b>	<b>1,197,612</b>	<b>754,052</b>	<b>148,343</b>	<b>(1,649,987)</b>	<b>(747,592)</b>

## UAC of Nigeria PLC

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#### 37. Disclosure of Interests in Other Entities

##### 37.1 Composition of the Group

UAC of Nigeria PLC is a holding company with interests in six primary verticals - Animal Feeds & Other Edibles (2 entities), Packaged Food & Beverages (1 entity), Quick Service Restaurants (1 entity), Real Estate (1 entity), Paints (2 entities) and Logistics (1 entity). The Group comprises of a corporate centre (the Company) holding interests in 8 entities.

##### 37.2 Subsidiaries with significant non-controlling interests

**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. 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 2020. The loss allocated to Non-Controlling Interest (NCI) for the year 2020 is ₦ 30million (2019: Profit of ₦41.2 million) and no dividend was paid. As at 31 December 2020, the accumulated NCI in the subsidiary was ₦219 million (2019: ₦210 million).

**UAC Foods Limited (UFL)** – UAC Foods Limited is a company involved in the manufacture of packaged snacks, 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 2020 (2019: 49%). The profit allocated to Non-Controlling Interest (NCI) for the year 2020 is ₦450.4 million (2019: ₦580 million) and no dividend was paid in 2020 (2019 dividend paid: ₦740 million). As at 31 December 2020, the accumulated NCI in the subsidiary was ₦3.65 billion (2019: ₦3.2 billion).

##### Summarised financial information

##### **31-Dec-19**

	<b>UACR N'000</b>	<b>UFL N'000</b>
Non-current assets	666,371	4,134,847
Current assets	779,553	6,931,249
Current liabilities	792,253	3,611,775
Non-current liabilities	225,110	602,529
Revenue	1,500,895	17,545,286
(Loss)/Profit before tax	(74,868)	1,561,487
Total comprehensive (loss)/income	(83,549)	1,185,094

##### **31-Dec-20**

	<b>UACR N'000</b>	<b>UFL N'000</b>
Non-current assets	377,066	6,686,130
Current assets	707,199	4,798,443
Current liabilities	715,458	4,044,817
Non-current liabilities	10,940	953,433
Revenue	1,527,878	17,853,406
(Loss)/Profit before tax	(61,277)	896,793
Total comprehensive (loss)/income	(61,277)	896,793

#### 38. Events after the reporting period

On 26 October 2020, Chemical and Allied Products PLC (CAP) and Portland Paints and Products Nigeria PLC (Portland Paints) announced their intention to merge their respective businesses, with CAP emerging as the resultant entity. The merger will involve the transfer of all PPPN's assets, liabilities and undertakings to CAP and Portland Paints will thereafter be dissolved without being wound up. The respective minority shareholders of both companies approved the merger at separate Court-Ordered Meetings on 18 February 2021. Following the shareholder's approval of the merger, an application has been filed with the Securities and Exchange Commission for formal approval of the Merger, after which a petition will be filed at the Federal High Court to sanction the Merger.

Other than the merger of PPPN and CAP disclosed above, there are no other material events after the reporting period that are required to be adjusted for or disclosed in these financial statements.



### 39. 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 2020. 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:

- (i) Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- (iii) 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 2019 using:**

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

#### **Fair value measurements as at 31 December 2020 using:**

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>all figures in N'000 unless otherwise stated</i>	N'000	N'000	N'000
<b>Recurring fair value measurements</b>			
<b>Investment Property</b>			
UAC Company	-	-	2,331,287
UFL			303,712
<b>Group</b>			<b>2,634,999</b>
<b>Financial assets fair valued through Other Comprehensive Income</b>			
UACN Company	188,125	-	-

#### Reconciliation of level 3 fair values

**2019**

	Investment Property (Group) N'000	Investment Property (Company) N'000
Opening balance	7,196,663	2,694,651
Additions	917	917
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	<b>2,400,336</b>	<b>2,096,624</b>

#### Reconciliation of level 3 fair values

**2020**

	Investment Property (Group) N'000	Investment Property (Company) N'000
Opening balance	2,400,336	2,096,624
Additions	393	393
Net gain/ (loss) from fair value adjustment on investment property	234,270	234,270
Closing Balance	<b>2,634,999</b>	<b>2,331,287</b>

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**for the year ended 31 December 2020**

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 2020.

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 2020	Fair value as at 31 December 2019	Valuation Technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Investment Property - UAC Company	2,634,999	2,331,287	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 - 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

# UAC of Nigeria PLC

## Other national disclosures

### Statement of Value Added

For the year ended 31 December 2020

	Group				Company			
	2020		2019		2020		2019	
	=N=Million	%	=N=Million	%	=N=Million	%	=N=Million	%
Turnover	81,358		79,202		758		759	
Share of associated companies' profits	973		-		-		-	
Interest received & other income	2,280		5,137		2,840		4,317	
<b>Cost of materials and services:</b>								
Imported	(7,637)		(10,155)		-		-	
Local	(60,027)		(70,842)		(4,194)		(2,087)	
<b>Value Added</b>	<b>16,947</b>	<b>100</b>	<b>3,342</b>	<b>100</b>	<b>(596)</b>	<b>100</b>	<b>2,989</b>	<b>100</b>
<b>Applied as follows:</b>								
<b>To pay employees</b>								
Salaries, wages and other benefits	8,550	50	7,572	227	1,165	(196)	858	29
<b>To pay government</b>								
Taxes	1,663	10	2,111	63	414	(69)	490	16
<b>To pay providers of capital</b>								
Interest charges	502	3	991	30	-	-	-	-
<b>To pay shareholders</b>								
Dividend	3,457	20	288	9	3,457	(580)	288	10
<b>Retained for replacement of assets and business growth:</b>								
Depreciation and Amortisation	2,074	12	1,926	58	141	(24)	158	5
Non-controlling interest	1,276	8	(3,948)	(118)	-		-	-
Future Investment	(575)	(3)	(5,597)	(167)	(5,773)	969	1,195	40
	<b>16,947</b>	<b>100</b>	<b>3,342</b>	<b>100</b>	<b>(596)</b>	<b>100</b>	<b>2,989</b>	<b>100</b>

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 creation of additional wealth.

## Other national disclosures

### Group five-year financial summary Year ended 31 December 2020

	IFRS				
Naira millions	2016	2017	2018	2019	2020
<b>Funds Employed</b>					
Equity attributable to equity holders of the Company	46,418	51,076	57,885	50,080	52,642
Non-controlling interest	30,047	21,535	16,189	10,462	8,730
Creditors due after one year	10,067	6,300	9,212	6,001	6,222
Provisions	22	110	104	103	198
	<b>86,555</b>	<b>79,021</b>	<b>83,390</b>	<b>66,646</b>	<b>67,792</b>
<b>Employment of funds</b>					
Property, plant and equipment, Intangible assets, Investment Property and Other non-current assets	56,995	37,263	30,564	26,019	27,967
Long term investments	19,696	19,136	20,139	2,021	15,381
Net current (liabilities) / assets	9,877	10,184	24,353	19,269	26,820
	<b>86,569</b>	<b>66,583</b>	<b>75,056</b>	<b>47,309</b>	<b>70,168</b>
<b>Capital expenditure</b>	<b>1,839</b>	<b>1,313</b>	<b>2,926</b>	<b>2,710</b>	<b>4,496</b>
<b>Depreciation</b>	<b>2,611</b>	<b>2,669</b>	<b>2,280</b>	<b>1,926</b>	<b>2,074</b>
Results	IFRS				
	2016	2017	2018	2019	2020
Turnover	82,572	89,178	70,474	79,202	<b>81,358</b>
Profit from operations	8,640	7,031	3,920	5,666	<b>3,597</b>
Share of profit of associated companies	1,090	539	-	-	<b>973</b>
Taxation	(2,074)	(1,922)	(1,838)	(2,111)	<b>(1,663)</b>
Profit/ (loss) after tax and non-controlling interest	3,751	956	(6,045)	(5,308)	<b>2,651</b>
Dividend - proposed	(1,921)	(1,847)	(1,844)	(288)	<b>(3,457)</b>
Profit/ (loss) for the year retained	1,830	(965)	(7,918)	(7,152)	<b>2,363</b>
Share prices : High (kobo)	2,200	1,672	985	960	<b>1,105</b>
Low (kobo)	1,681	1,672	975	450	<b>540</b>
Market capitalisation (period-end)	32,290	32,117	28,093	24,779	<b>20,889</b>
Dividend per share (kobo)	100	65	64	10	<b>120</b>
Dividend per share (kobo) - adjusted	100	65	64	10	<b>120</b>
Earnings per share (kobo)	195	50	(209)	(183)	<b>92</b>
Earnings per share (kobo) - adjusted	195	50	(209)	(183)	<b>92</b>
Net assets per share (kobo)	3,981	3,807	2,571	2,101	<b>2,130</b>
Dividend cover (times)	1.0	0.7	0.6	0.1	<b>1.2</b>

## Other national disclosures

### Company five-year financial summary Year ended 31 December 2020

	IFRS				
Naira millions	2016	2017	2018	2019	2020
<b>Funds Employed</b>					
Equity attributable to equity holders of the Company	22,292	23,451	40,132	39,771	37,167
Creditors due after one year	199	153	74	25	436
Provisions	-	-	90	90	90
	<b>22,491</b>	<b>23,604</b>	<b>40,296</b>	<b>39,886</b>	<b>37,693</b>
<b>Employment of funds</b>					
Property, plant and equipment	747	660	714	699	888
Long term investments	11,760	15,815	21,208	14,564	14,616
Net current (liabilities) / assets	6,902	4,208	15,408	16,616	8,331
	<b>19,409</b>	<b>20,683</b>	<b>37,330</b>	<b>31,879</b>	<b>23,835</b>
<b>Capital expenditure</b>	<b>68</b>	<b>100</b>	<b>244</b>	<b>177</b>	<b>361</b>
<b>Depreciation</b>	<b>170</b>	<b>164</b>	<b>142</b>	<b>146</b>	<b>138</b>

	IFRS				
Results	2016	2017	2018	2019	2020
Turnover	912	827	681	759	<b>758</b>
Profit from operations	1,513	1,551	1,278	(667)	<b>(3,497)</b>
Taxation	(387)	(289)	(587)	(490)	<b>(414)</b>
Profit after tax	2,627	3,080	3,609	1,484	<b>(2,476)</b>
Dividend - proposed	(1,921)	(1,847)	(1,844)	(288)	<b>(3,457)</b>
Profit for the year retained	706	1,159	1,736	(360)	-
Share prices : High (kobo)	2,200	1,672	985	960	<b>1,105</b>
Low (kobo)	1,681	1,672	975	450	<b>540</b>
Market capitalisation (period-end)	32,290	32,117	28,093	24,779	<b>20,889</b>
Dividend per share (kobo)	100	65	64	10	<b>120</b>
Dividend per share (kobo) - adjusted	100	65	64	10	<b>120</b>
Earnings per share (kobo)	137	160	140	52	<b>(86)</b>
Earnings per share (kobo) - adjusted	137	160	140	52	<b>(86)</b>
Net assets per share (kobo)	1,221	2,089	1,380	1,380	<b>1,290</b>
Dividend cover (times)	1.0	0.7	0.6	0.1	<b>1.2</b>