

Lafarge Africa Plc
Annual Report
31 December 2020

Lafarge Africa Plc

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Lafarge Africa Plc

Directors' and Other Corporate Information

Company registration number

RC 1858

Directors

Mr. Adebode Adefioye (appointed as chairman w.e.f. 4th June 2020)
Mr. Mobolaji Balogun (resigned w.e.f. 3rd June 2020)
Mr. Khaled Abdel Aziz El Dokani (appointed w.e.f. 18th January 2020)
Mr. Lolu Alade-Akinyemi (appointed w.e.f. 8th April 2020)
Mrs. Elenda Giwa-Amu
Mrs. Adenike Ogunlesi
Mr. Jean-Philippe Benard (resigned w.e.f. 24th January 2020)
Mr. Christof Hassig (resigned w.e.f. 7th April 2020)
Mr. Grant Earnshaw
Mr. Rossen Papazov (resigned w.e.f. 7th April 2020)
Mrs. Karine Uzan Mercie
Mr. Marco Licata
Mr. Gbenga Oyeboode, MFR (appointed w.e.f. 8th April 2020)
Mr. Olivier Guitton (appointed w.e.f. 8th April 2020; resigned 10th December 2020)
Mrs. Oyinkan Adewale (appointed w.e.f. 4th June 2020)
Mrs. Virginie Darbo (appointed 11th December 2020)

Chairman
Past Chairman
Group Managing Director/CEO
Executive Director/CFO
Non-Executive Director
Independent Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Non-Executive Director
Non-Executive Director
Independent Non-Executive Director
Non-Executive Director

Company Secretary

Mrs. Adewunmi Alode

Company Registered Office

Lafarge Africa Plc
27B, Gerrard Road,
Ikoyi,
Lagos

Registrar

Cardinal Stone (Registrars) Limited
[formerly City Securities (Registrars) Limited]
335/337, Herbert Macaulay Road,
Yaba,
Lagos

Independent Auditors

KPMG Professional Services
KPMG Tower,
Bishop Aboyade Cole Street,
Victoria Island,
Lagos

Principal Bankers

Access Bank Plc
Citibank Nigeria Limited
Ecobank Nigeria Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Standard Chartered Bank Plc
Stanbic IBTC Bank Limited
United Bank for Africa Plc
Wema Bank Plc
Zenith Bank Plc
Union Bank of Nigeria Plc

Lafarge Africa Plc

Directors' Report

The Directors are pleased to present the Annual Report of Lafarge Africa Plc ("the Company") and its subsidiaries (together, "the Group") along with the audited Consolidated and Separate Financial Statements of the Group for the year ended 31 December 2020.

Legal form

Lafarge Africa Plc, a public quoted company on The Nigerian Stock Exchange, was incorporated in Nigeria under the Companies Act (now Companies and Allied Matters Act (CAMA) 2020) on the 24th of February 1959. The Company became listed on the Nigerian Stock Exchange in 1979. The name of the Company was changed from Lafarge Cement WAPCO Nigeria Plc to Lafarge Africa Plc on the 9th of July 2014.

Subsidiaries

The Company has full ownership of AshakaCem Limited and Wapsila Nigeria Limited

Principal activities

During the year under review, the principal activities of the Group and Company remained manufacturing and marketing of cement, concrete and aggregates products, including the provision of building solutions.

Results and dividends

The Group and Company's results for the year ended 31 December 2020 are set out on page 14. The summarised results are presented below.

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Revenue from continuing operations	230,572,922	212,999,066	202,530,359	188,407,004
Profit before minimum tax from continuing operations	37,572,131	17,892,285	34,319,046	24,318,017
Minimum tax	(377,593)	(677,319)	(377,593)	(677,319)
Income tax expense	(6,352,400)	(1,697,180)	(5,226,569)	(919,082)
Profit after tax from continuing operations	30,842,138	15,517,786	28,714,884	22,721,616
Profit after tax from discontinued operations	-	99,586,566	-	-
Other comprehensive loss for the year	(53,714)	(65,148)	(53,714)	(65,148)
Total comprehensive income for the year	30,788,424	115,039,204	28,661,170	22,656,468

The Board of Directors is proposing a gross dividend of 100k (2019: 100K) on every ordinary share in issue amounting to ₦16,107,795,721.00 (2019: ₦16,107,795,721.00). The total dividend proposed if approved by shareholders is payable from the pioneer profits and not subject to deduction of withholding tax. The dividend is subject to approval by the shareholders at the Annual General meeting. The dividend income for Group and Company is shown in Note 10.4 of the financial statements.

Shareholding and substantial shareholders

The issued and fully paid-up Share Capital of the Company as at 31 December 2020 was 16,107,795,721 ordinary shares of 50kobo each (31 December 2019: 16,107,795,721 ordinary shares of 50 kobo each). The Register of Members shows that two companies: Associated International Cement Limited (AIC UK) and CariCement BV, held more than 5% of the Company's Issued share capital.

LafargeHolcim Limited is an international investor holding its shares in the names of its subsidiaries: AIC UK (27.77%) and CariCement BV (56.04%). Total shareholding of LafargeHolcim Limited in the Company was 83.81% as at 31 December 2020.

The remaining 16.19% of the issued shares were held by other individuals and institutions.

Aside the aforementioned two companies, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2020.

Property, plant and equipment

Information relating to changes in property, plant & equipment is disclosed in Note 15 to the Financial Statements.

Shareholding analysis

The Registrars have advised that the range of shareholding as at 31st December 2020 was as follows:

Range	No of Holders	Percent	Unit	Percent
1 - 500	47,202	39.13	11,883,127	0.07
501 - 5,000	59,153	49.03	94,160,587	0.58
5,001 - 50,000	12,234	10.14	170,534,667	1.06
50,001 - 500,000	1,727	1.43	237,440,673	1.47
500,001 - 5,000,000	266	0.22	387,875,472	2.41
5,000,001 - 50,000,000	44	0.04	583,872,993	3.62
50,000,001 - 500,000,000	12	0.01	5,594,662,328	34.73
500,000,001 - 8,673,428,465	1	0.00	9,027,365,874	56.04
Grand Total	120,639	100	16,107,795,721	100

Unclaimed dividend and share certificates

The Company has posted to shareholders a list of unclaimed dividend and share certificates. Shareholders are enjoined to review the list to claim their dividend(s) or share certificate(s). For further assistance in this regard, Shareholders should contact the Company Secretary or the Registrars, Cardinal Stone Registrars Limited.

The Company's Registrars have advised that the total amount outstanding as at 31 December 2020 is the sum of ₦1,266,294,173.63, of which the sum of ₦1,353,247,326.75 was returned to Lafarge Africa Plc in line with the Rules of the Securities and Exchange Commission, leaving a cash balance of ₦66,286,193.11 with the Company's Registrars.

Directors' responsibilities in relation to the financial statements

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 14 to 67 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council of Nigeria Act 2011.

The Directors further accept responsibility for maintaining accounting records as required by the Companies and Allied Matters Act and for such internal control as the Directors determine is necessary to ensure adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds, errors and other irregularities.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern for at least twelve months from the date of this statement.

Directors' interest in shares

In accordance with sections 301 and 385 of the Companies and Allied Matters Act, 2020 and in compliance with the Listing Rules of the Nigerian Stock Exchange, the interest of Directors in the issued share capital of the Company are as recorded in the Register of Members and/or notified by them are as follows:

Directors

Mr. Adebode Adefioye
Mr. Mobolaji Balogun*
Mr. Khaled El Dokani (Egyptian)
Mr. Lolu Alade-Akinyemi
Mrs. Elenda Giwa-Amu
Mrs. Adenike Ogunlesi
Mr. Grant Earnshaw (British)
Mrs. Karine Uzan Mercie (French)
Mr. Jean-Philippe Benard* (French)
Mr. Christof Hassig* (Swiss)
Mr. Marco Licata (Italian)
Mr. Rossen Papazov* (Bulgarian)
Mr. Gbenga Oyeboode, MFR
Mrs. Oyinkan Adewale
Mr. Olivier Guitton* (French)
Mrs. Virginie Darbo (French)

No of shares 31.12.2020	No of shares 31.12.2019
-	-
10,000,000	10,000,000
-	-
-	-
203,550	203,550
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
10,203,550	10,203,550

Total

* Not a member of the Board of Directors as at 31 December 2020

Except as disclosed, none of the Directors has notified the Company of any disclosable interests in the Company's share capital and none of the Directors has an indirect shareholding in the Company.

Directors' interests in contracts

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act 2020 to the effect that they were members or held shareholding of some specified companies which could be regarded as interested in any contracts with which the Company was involved as at 31st December, 2020.

Donations and charitable gifts

In 2020, the Company expended ₦1.26 billion (2019: ₦993 million) on diverse social investment programs and initiatives in our communities in Nigeria. The breakdown of the contribution is as follows:

	31 Dec 2020 N'000
Community Development Projects across Nigeria (Covid-19 donation)	₦500,000,000
The Lafarge Africa Plc National Literacy Competition in 36 states of the Federation	₦329,868,021
Sponsorships	₦1,094,000
Roads	₦430,000,000
Total	₦1,260,962,021

In accordance with the provisions of Section 43 (2) Companies and Allied Matters Act 2020 and the LafargeHolcim Group Donations Policy, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year in review.

Whistle blowing

The Company is committed to conducting its affairs ethically and responsibly. Unethical behaviours cost the Company money, time, human resources and can negatively affect the Company's reputation before its stakeholders.

All ethical abuses and fraud are reported through the Company's internal and external whistle blowing process.

Health and Safety

In Lafarge Africa Plc, Health and Safety is our core value. In 2020, significant progress was made with the initiative, which started in 2016 to imbibe health and safety as a core value for every employee, contractor and stakeholders we interact with as a business.

Employment of physically challenged persons

Lafarge Africa Plc is an equal opportunity employer and does not discriminate on any grounds. Therefore, we provide employment opportunities to physically challenged persons, bearing in mind the respective abilities of the applicants concerned. In the event that an employee becomes physically challenged while in the employment of the Company, every effort is made to ensure that their employment with the Company continues and that appropriate training and support is given to them.

Sustainability report

The Company believes that as a responsible Company it must contribute to the society, play an active role in the development of the communities within which it operates; and that the implementation of proactive measures in favour of sustainability creates value not only for its shareholders, but also for its teams, its customers and all its stakeholders.

Learning and development

As the organisation continues to evolve, we continue to equip our employees with both technical and management skills to hone their competencies, to prepare them to cope with challenging environments and a sustainable future.

Statutory Audit Committee

An Audit Committee of the Company was constituted at the 61st Annual General Meeting held in Lagos on the 3rd of June 2020, comprising of three (3) shareholders and three (3) Non-Executive Directors, namely: Mr. Adebayo Adeleke, Mr. David Adekanmbi, Mr. Timothy Adejuwon, (shareholders' representatives) and Mrs. Oyinkan Adewale, Mrs. Karine Uzan Mercie and Mr. Marco Licata (Board members).

In compliance with the provisions of Section 404 (3) of the Companies and Allied Matters Act (CAMA) 2020, the Audit Committee now consist of five members comprising three (3) shareholders and two (2) Non-Executive Directors with effect from 19th March 2021 namely: Mr. Adebayo Adeleke, Mr. David Adekanmbi, Mr. Timothy Adejuwon, (shareholders' representatives) and Mrs. Oyinkan Adewale and Mrs. Karine Uzan Mercie (Board members).

Independent Auditors

Messrs. KPMG Professional Services (KPMG) acted as the Company's Independent Auditor during the year under review. KPMG has indicated their willingness to continue in office as Independent Auditor in accordance with Section 401 (2) of the Companies and Allied Matters Act 2020. A resolution will be proposed to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD



Adewunmi Alode (Mrs.)
Company Secretary
FRC/2018/ICSAN/00000017796

Dated 19th March 2021

Lafarge Africa Plc

Audit Committee's Report

In accordance with Section 404(7) of the Companies and Allied Matters Act (CAMA), 2020, we, the members of the Audit Committee have reviewed and considered the Independent Auditor's Report required to be made in accordance with Section 404 (7) of CAMA and report as follows:

- i. The scope and planning of internal audit for the year ended 31 December 2020 are satisfactory. The internal audit program reinforces the Company's internal control system;
- ii. The scope and planning of statutory audit for the year ended 31 December 2020 are satisfactory;
- iii. Having reviewed the independent auditor's management letter on accounting procedures and internal controls, we are satisfied with management's responses thereof;
- iv. The accounting and reporting policies for the year ended 31 December 2020 are in accordance with International Financial Reporting Standards and applicable regulatory requirements

In our opinion, the scope and planning of the audit for the year ended 31st December 2020 were adequate and Management's responses to the Independent Auditor's findings were satisfactory.



Mr. Adebayo Adeleke
FRC/2013/NIM/00000002317
Chairman, Audit Committee
Dated 18th day of March 2021

Audit committee members

Mr. Adebayo Adeleke
Mr. David Adekanmbi
Mr. Timothy Adejuwon
Mrs. Oyinkan Adewale
Ms. Karine Uzan Mercie
Mr. Marco Licata

Lafarge Africa Plc

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2020

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

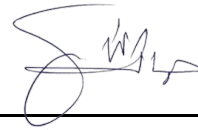
The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Adebode Adefioye
FRC/2017/IODN/00000016512
Date: 19th March 2021



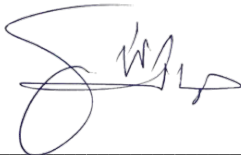
Khaled Abdel Aziz El Dokani
FRC/2020/003/00000020762
Date: 19th March 2021

Lafarge Africa Plc

Certification of the Audited Financial Statements for the year ended 31 December 2020

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020 , we the Group Managing Director and Chief Finance Officer of Lafarge Africa Plc ("the Company") and its subsidiaries (together, "the Group") respectively hereby certify as follows:

- (a) We have reviewed the audited financial statements of the Group and Company for the year ended 31 December, 2020.
- (b) The audited financial statements represents the true and correct financial position of our Group and Company as at the said date of 31 December, 2020.
- (c) The audited financial statements does not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- (d) The audited financial statements fairly presents, in all material respects, the financial condition and results of operation of the Group and Company as of and for the year ended 31st December, 2020.
- (e) That we are responsible for establishing and maintaining internal controls and affirm that we have made an assessment of the Group and Company's internal controls as at 31st December, 2020 and significant deficiencies in the design or operation of internal controls which could adversely affect the Group and Company's ability to record, process, summarise and report financial data have been disclosed to the Independent Auditor and the Audit Committee.

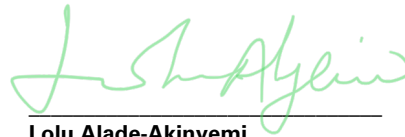


Khaled Abdel Aziz El Dokani

Group Managing Director

FRC/2020/003/00000020762

Date: 19th March 2021



Lolu Alade-Akinyemi

Chief Financial Officer

FRC/2020/001/00000020157

Date: 19th March 2021

**KPMG Professional Services**

KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Lafarge Africa Plc**

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

We have audited the consolidated and separate financial statements of Lafarge Africa Plc ("the Company") and its subsidiaries (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Registered in Nigeria No BN 986925

Partners:

Adegoke A. Oyelami	Chibuzor N. Anyanechi	Martins I. Arogie	Olutoyin I. Ogunlowo
Adekunle A. Elebute	Chineme B. Nwigbo	Mohammed M. Adama	Oluwafemi O. Awotoye
Adetola P. Adeyemi	Elijah O. Oladunmoye	Nneka C. Eluma	Oluwatoyin A. Gbagi
Adewale K. Ajayi	Goodluck C. Obi	Olabimpe S. Afolabi	Tayo I. Ogunbenro
Ajibola O. Olomola	Ibitomi M. Adepoju	Oladimeji I. Salaudeen	Temitope A. Onitiri
Akinyemi Ashade	Ijeoma T. Emezie-Ezigbo	Olanike I. James	Tolulope A. Odukale
Ayobami L. Salami	Joseph O. Tegbe	Olufemi A. Babem	Victor U. Onyenkpa
Ayodele A. Soyinka	Kabir O. Okunlola	Olumide O. Olayinka	
Ayodele H. Othihiwa	Lawrence C. Amadi	Olusegun A. Sowande	



1. Other Assets – Prepaid gas assets

Refer to significant accounting policies (Note 2) and Other assets note (Note 20) on the separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Company has a gas supply contract which requires that on a monthly basis, an agreed sum known as the base amount is paid by the Company for the supply of a specified quantity of gas in future regardless of the Company’s ability to utilise the gas. Any excess of the base amount over the value of actual gas utilised is recognised as prepaid gas assets which is included in other assets in the financial statements.</p> <p>The Company finalized the contract re-negotiations with the vendor in November 2020 with an effective date of 1 January 2020. The key changes in the new contract are aimed at further ensuring the prepaid gas balance is fully utilised within the contract period.</p> <p>Management performed an assessment to determine if the prepaid gas asset is recoverable since the amount has continued to increase over the years and has shown a significant increase in current year due to additional payments made in line with the terms of the re-negotiated contract.</p> <p>This assessment involved a determination of future gas utilization based on assumptions such as future production volumes, forecasted growth rate and utilization levels as well as the ability of the vendor to fulfil its obligations under the terms of the contract.</p> <p>This is a key audit matter due to the significant amendments to the existing contract in the current year and the significant estimation uncertainty and judgments applied in the recoverability assessment.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We made inquiries of management to understand if any significant changes have been made to the assumptions used in estimating the utilization plan for the prepaid gas amount. • We inspected the amended contract finalized during the year 2020 and evaluated the key terms to ascertain the impact on the value and recoverability assessment of the prepaid gas asset as at year end. • We evaluated the appropriateness of the accounting treatment for the prepaid balance, considering the terms of the amended contract. • We evaluated the appropriateness of the assumptions applied to key inputs such as production volumes, forecasted growth rates, projected utilisation levels and the ability of the vendor to fulfil its obligations under the terms of the amended contract, among other assumptions and compared these with our own assessments based on our knowledge of the Company and the industry. • We performed a retrospective review of the forecasted cement production volume and forecasted gas consumption volumes for the year 2020 and compared these with the actual volumes for the year. • Evaluated the sensitivity analysis around the key judgments relating to the forecasted growth rates and forecasted annual gas consumption. • We obtained and inspected the vendor’s confirmation and reconciliation to ascertain the accuracy of the prepaid gas asset balance at year end.



	<ul style="list-style-type: none">• We assessed the appropriateness of the classification / disclosure of the prepayment for gas in the financial statements in line with the relevant accounting standards.
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Other Information

The Directors are responsible for the other information. The other information comprises the Directors' and Other Corporate information, Directors' Report, Audit Committee's report, Statement of Directors' responsibilities in relation to the financial statements, Certification of the audited financial statements, Other national disclosures [but does not include the consolidated and separate financial statements and our audit report thereon], which we obtained prior to the date of this auditor's report. It also includes financial and non-financial information such as the Notice of Annual General Meeting, Financial Highlights, Chairman's Statement, Corporate Governance Report, Board of Directors' Profile, Leadership Team, Sustainability Report, Corporate Social Responsibility Report, amongst others (together "Outstanding reports"), which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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



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

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

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

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

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



Report on Other Legal and Regulatory Requirements

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

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

Signed:

A handwritten signature in blue ink, appearing to be 'OAG'.

Oluwatoyin A. Gbagi, FCA
FRC/2012/ICAN/00000000565
For: KPMG Professional Services
Chartered Accountants
24 March 2021
Lagos, Nigeria



Lafarge Africa Plc

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	Notes	Group		Company	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
		N'000	N'000	N'000	N'000
Continuing operations:					
Revenue	6	230,572,922	212,999,066	202,530,359	188,407,004
Cost of sales	7	(163,332,552)	(157,046,768)	(139,054,949)	(132,507,527)
Gross profit		67,240,370	55,952,298	63,475,410	55,899,477
Selling and marketing expenses	8	(4,221,185)	(5,095,600)	(4,221,003)	(5,078,123)
Administrative expenses	9	(18,301,776)	(17,559,792)	(17,507,420)	(16,927,429)
Other income	10	976,151	2,351,701	963,731	10,041,175
Impairment reversal on trade receivables	11.2	20,605	25,862	19,316	34,180
Other operating expenses	11	(41,026)	(764,261)	(41,026)	(689,846)
Operating profit		45,673,139	34,910,208	42,689,008	43,279,434
Finance income	12.1	1,176,002	3,158,586	1,099,608	2,826,859
Finance costs	12.2	(9,710,156)	(20,176,509)	(9,902,716)	(20,950,366)
Loss on disposal of investment in subsidiary	17.2.4	-	-	-	(837,910)
Share of profit from joint venture accounted for using the equity method	17.2.8	433,146	-	433,146	-
Profit before minimum tax from continuing operations	14	37,572,131	17,892,285	34,319,046	24,318,017
Minimum tax expense	13.1	(377,593)	(677,319)	(377,593)	(677,319)
Profit after minimum tax from continuing operations		37,194,538	17,214,966	33,941,453	23,640,698
Income tax expense	13.2	(6,352,400)	(1,697,180)	(5,226,569)	(919,082)
Profit after tax from continuing operations		30,842,138	15,517,786	28,714,884	22,721,616
Discontinued operation:					
Profit after tax from discontinued operation	17.2.1	-	99,586,566	-	-
Profit after tax for the year		30,842,138	115,104,352	28,714,884	22,721,616
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign joint ventures (share of OCI)	17.2.8	(53,714)	-	(53,714)	-
		(53,714)	-	(53,714)	-
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit obligations	33.3	-	(95,807)	-	(95,807)
Related tax	13.4	-	30,659	-	30,659
		-	(65,148)	-	(65,148)
Other comprehensive loss for the year, net of tax		(53,714)	(65,148)	(53,714)	(65,148)
Total comprehensive income for the year		30,788,424	115,039,204	28,661,170	22,656,468
Profit attributable to :					
- Owners		30,842,138	115,104,352	28,714,884	22,721,616
		30,842,138	115,104,352	28,714,884	22,721,616
Total comprehensive income for the year is attributable to:					
- Owners		30,788,424	115,039,204	28,661,170	22,656,468
		30,788,424	115,039,204	28,661,170	22,656,468
Earnings per share attributable to the ordinary equity holders of the Company:					
Continuing operations & discontinued operation					
Basic earnings per share (Kobo)	26	191	715	178	141
Diluted earnings per share (Kobo)	26	191	715	178	141
Continuing operations					
Basic earnings per share (Kobo)	26	191	96	178	141
Diluted earnings per share (Kobo)	26	191	96	178	141

The accompanying notes and significant accounting policies form an integral part of these financial statements

Lafarge Africa Plc

Consolidated and Separate Statements of Financial Position as at 31 December 2020

Notes	Group		Company		
	31 Dec	31 Dec	31 Dec	31 Dec	
	2020	2019	2020	2019	
	N'000	N'000	N'000	N'000	
ASSETS					
Non-current assets					
Property, plant and equipment	15	348,328,150	369,797,229	287,447,215	308,650,770
Intangible assets	16	1,939,210	3,202,068	1,524,264	2,506,810
Investments in subsidiaries	17.1	-	-	63,906,867	63,906,867
Investment in joint ventures	17.2.8	379,432	-	379,432	-
Other financial assets	18	964,796	767,253	964,796	767,253
Other assets	20	29,127,048	20,345,783	28,657,973	18,772,032
Deferred tax assets	13.7	23,404,073	27,994,154	23,404,073	27,994,154
Total non-current assets		404,142,709	422,106,487	406,284,620	422,597,886
Current assets					
Inventories	21	31,052,596	32,440,770	22,466,615	25,679,521
Trade and other receivables	22	5,028,913	8,193,050	26,255,784	20,452,686
Other assets	20	11,916,440	6,302,759	8,846,892	4,958,939
Other financial assets	18.2	1,731,432	1,005,200	1,729,090	1,001,586
Derivative assets	19	18,905	-	-	-
Cash and cash equivalents	23	53,322,980	27,103,942	39,749,715	25,391,035
Total current assets		103,071,266	75,045,721	99,048,096	77,483,767
Total assets		507,213,975	497,152,208	505,332,716	500,081,653
LIABILITIES					
Non-current liabilities					
Loans and borrowings	30	5,139,600	52,664,863	2,774,394	45,899,963
Employee benefit obligations	33.1	2,284,688	1,876,124	2,009,182	1,651,651
Deferred income	32	1,683,008	2,307,466	1,234,307	1,345,039
Provisions	31.1	1,510,577	1,011,285	817,124	547,403
Deferred tax liabilities	13.7	9,401,523	9,966,699	-	-
Total non-current liabilities		20,019,396	67,826,437	6,835,007	49,444,056
Current liabilities					
Loans and borrowings	30	44,593,230	11,520,252	44,458,963	14,666,562
Deferred income	32	381,646	539,263	110,732	110,732
Bank overdrafts	23.2	-	27,552	-	27,552
Trade and other payables	34	76,857,775	69,717,897	76,438,447	72,577,646
Provisions	31.2	2,644,965	677,349	2,405,497	604,451
Current tax liabilities	13.5	3,078,461	1,929,457	1,109,137	1,229,095
Total current liabilities		127,556,077	84,411,770	124,522,776	89,216,038
Total liabilities		147,575,473	152,238,207	131,357,783	138,660,094
EQUITY					
Share capital	24	8,053,899	8,053,899	8,053,899	8,053,899
Share premium	25	435,148,731	435,148,731	435,148,731	435,148,731
Retained earnings		170,579,540	155,801,325	124,464,893	111,857,805
Foreign currency translation reserve	28	(14,611)	39,103	(14,611)	39,103
Other reserves arising on business combination and re-organisations	29	(254,129,057)	(254,129,057)	(193,677,979)	(193,677,979)
Capital and reserves attributable to owners		359,638,502	344,914,001	373,974,933	361,421,559
Total equity		359,638,502	344,914,001	373,974,933	361,421,559
Total equity and liabilities		507,213,975	497,152,208	505,332,716	500,081,653

The accompanying notes and significant accounting policies form an integral part of these financial statements

These financial statements were approved and authorised for issue by the board of directors on 19th March 2021 and were signed on its behalf by:



Adebode Adefioye
Chairman
FRC/2017/IODN/00000016512



Khaled Abdel Aziz El Dokani
Group Managing Director
FRC/2020/003/00000020762



Lolu Alade-Akinyemi
Chief Financial Officer
FRC/2020/001/00000020157

Lafarge Africa Plc

Consolidated and Separate Statements of Changes in Equity for the year ended 31 December 2020

Group	Attributable to equity holders of the parent								
	Notes	Share capital N'000	Share premium N'000	Retained earnings N'000	Foreign currency translation reserve N'000	Other reserves arising on business combination and re-organisations N'000	Non-controlling Total interests N'000	Total equity N'000	
Balance at 1 January 2019		4,336,715	350,945,748	135,333,469	9,364,261	(368,683,312)	131,296,881	305,322	131,602,203
Profit for the year		-	-	115,104,352	-	-	115,104,352	-	115,104,352
Other comprehensive income (Net of tax)		-	-	(65,148)	-	-	(65,148)	-	(65,148)
Total comprehensive income for the period		-	-	115,039,204	-	-	115,039,204	-	115,039,204
Transactions with owners:									
Issue of shares	25,26	3,717,184	85,495,223	-	-	-	89,212,407	-	89,212,407
Reserves released upon disposal of subsidiary company		-	-	(94,571,348)	-	114,554,255	19,982,907	-	19,982,907
Elimination of FCTR on loss of control of subsidiary		-	-	-	(9,325,158)	-	(9,325,158)	-	(9,325,158)
Elimination of NCI on loss of control of subsidiary		-	-	-	-	-	-	(305,322)	(305,322)
Right issue costs	25	-	(1,292,240)	-	-	-	(1,292,240)	-	(1,292,240)
Total transaction with owners		3,717,184	84,202,983	(94,571,348)	(9,325,158)	114,554,255	98,577,916	(305,322)	98,272,594
Balance at 31 December 2019		8,053,899	435,148,731	155,801,325	39,103	(254,129,057)	344,914,001	-	344,914,001
Balance at 1 January 2020		8,053,899	435,148,731	155,801,325	39,103	(254,129,057)	344,914,001	-	344,914,001
Profit for the year		-	-	30,842,138	-	-	30,842,138	-	30,842,138
Other comprehensive income (Net of tax)	17.2.8	-	-	-	(53,714)	-	(53,714)	-	(53,714)
Total comprehensive income for the year		-	-	30,842,138	(53,714)	-	30,788,424	-	30,788,424
Transaction with owners:									
Dividends declared	34.3	-	-	(16,107,796)	-	-	(16,107,796)	-	(16,107,796)
Forfeited dividend		-	-	43,873	-	-	43,873	-	43,873
Total transaction with owners		-	-	(16,063,923)	-	-	(16,063,923)	-	(16,063,923)
Balance at 31 December 2020		8,053,899	435,148,731	170,579,540	(14,611)	(254,129,057)	359,638,502	-	359,638,502

The accompanying notes and significant accounting policies form an integral part of these financial statements

Lafarge Africa Plc

Consolidated and Separate Statements of Changes in Equity for the year ended 31 December 2020

Company	Attributable to equity holders of the parent					
	Share capital N'000	Share premium N'000	Retained earnings N'000	Foreign currency translation reserve N'000	Other reserves arising on business combination and re-organisations N'000	Total equity N'000
Balance at 1 January 2019	4,336,715	350,945,748	89,201,337	39,103	(191,718,064)	252,804,838
Profit for the year	-	-	22,721,616	-	-	22,721,616
Other comprehensive income (Net of tax)	-	-	(65,148)	-	-	(65,148)
Total comprehensive income for the period	-	-	22,656,468	-	-	22,656,468
Transaction with owners:						
Issue of shares	3,717,184	85,495,223	-	-	(1,959,915)	87,252,492
Right issue costs	-	(1,292,240)	-	-	-	(1,292,240)
Dividends declared	-	-	-	-	-	-
Total transaction with owners	3,717,184	84,202,983	-	-	(1,959,915)	85,960,252
Balance at 31 December 2019	8,053,899	435,148,731	111,857,805	39,103	(193,677,979)	361,421,559
At 1 January 2020	8,053,899	435,148,731	111,857,805	39,103	(193,677,979)	361,421,559
Profit for the year	-	-	28,714,885	-	-	28,714,885
Other comprehensive income (Net of tax)	-	-	-	(53,714)	-	(53,714)
Total comprehensive income for the period	-	-	28,714,885	(53,714)	-	28,661,171
Transaction with owners:						
Dividends declared	-	-	(16,107,796)	-	-	(16,107,796)
Total transaction with owners	-	-	(16,107,796)	-	-	(16,107,796)
Balance at 31 December 2020	8,053,899	435,148,731	124,464,893	(14,611)	(193,677,979)	373,974,933

The accompanying notes and significant accounting policies form an integral part of these financial statements

Lafarge Africa Plc

Consolidated and Separate Statements of Cash Flows for the year ended 31 December 2020

	Notes	Group		Company	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
		N'000	N'000	N'000	N'000
Cash flows from operating activities:					
Profit after tax		30,842,138	115,104,352	28,714,884	22,721,616
Adjustments to reconcile Profit for the year to net cash flows:					
Profit after tax from discontinued operation	17.2.1	-	(99,586,566)	-	-
Depreciation	15.6	28,526,416	29,497,370	26,132,270	27,160,431
Impairment losses on property, plant and equipment	15	1,193,025	389,911	1,193,026	389,911
Amortization of intangible asset	16	1,262,858	672,260	982,546	518,036
Other non-cash items	35.3	(76,302)	235,915	(110,885)	273,133
Net unrealized foreign exchange loss		148,854	938,439	46,952	1,156,074
Finance costs	12.2	8,821,234	20,176,509	9,298,055	20,950,366
Finance income	12.1	(1,176,002)	(3,158,586)	(1,099,608)	(2,826,859)
Dividend income	10.4	-	-	-	(7,934,772)
Share of profit from joint venture		(433,146)	-	(433,146)	-
Income tax expense	13.2	6,352,400	1,697,180	5,226,569	919,082
Minimum tax expense	13.1	377,593	677,319	377,593	677,319
Provisions and net movement on employee benefits	35.1.6	2,111,797	(877,418)	1,923,461	(494,675)
Change in net working capital	35.1	(12,659,044)	15,539,626	(22,462,135)	13,766,030
Cash flow generated from operations		65,291,821	81,306,310	49,789,581	77,275,692
Income taxes paid	13.6	(1,556,084)	(1,078,785)	(1,134,041)	-
Net cash flow generated from operating activities		63,735,737	80,227,525	48,655,540	77,275,692
Cash flows from investing activities					
Acquisition of property, plant and equipment	15.1	(9,935,846)	(22,306,615)	(7,585,750)	(15,777,938)
Acquisition of intangible assets	16	-	(531,386)	-	(531,386)
Interest received	12.3	638,705	2,686,767	584,730	2,355,040
Disposal of discontinued operation, net of cash disposed	17.2.5	-	38,317	-	38,317
Dividend received from subsidiaries	10.4	-	-	-	7,934,772
Proceeds from sale of property, plant and equipment	35.2	475,059	62,221	458,662	62,221
Net cash flow used in investing activities		(8,822,082)	(20,050,696)	(6,542,358)	(5,918,974)
Cash flows from financing activities					
Interest paid	12.4	(7,540,737)	(13,986,540)	(7,622,970)	(13,996,970)
Dividend paid to equity holders of the company	34.4	(7,512,967)	(4,220,596)	(7,512,967)	(4,220,596)
Transaction cost on rights issue	27.1	-	(589,856)	-	(589,856)
Cash paid from futures and forward contracts		-	(1,231,189)	-	(1,231,188)
Net proceed from rights issues	27.1	-	89,212,408	-	89,212,408
Proceeds from loans and borrowings	30.5	1,834,067	5,358,703	1,499,886	2,500,000
Repayment of lease liabilities	30.5	(7,488,596)	(9,435,820)	(7,488,596)	(9,429,245)
Repayment of loans and borrowings	30.5	(7,759,060)	(92,301,404)	(6,403,645)	(101,903,582)
Net cash inflow used in financing activities		(28,467,293)	(27,194,294)	(27,528,292)	(39,659,029)
Net increase in cash and cash equivalents from continuing operation		26,446,362	32,982,535	14,584,890	31,697,689
Cash and cash equivalents at the beginning of the year	23.2	25,700,556	(23,808,042)	23,987,649	(7,762,363)
Net bank overdraft arising from deconsolidation of discontinued operation		-	16,527,094	-	-
Cash and cash equivalents arising from merger		-	-	-	50,645
Effects of exchange rate changes on cash and cash equivalents		(90,231)	(1,032)	(89,118)	1,678
Cash and cash equivalents at the end of the year	23.2	52,056,686	25,700,556	38,483,421	23,987,649

The accompanying notes and significant accounting policies form an integral part of these financial statements

Lafarge Africa Plc

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2020

1 Business description

Lafarge Africa PLC (Lafarge Africa) was incorporated in Nigeria on 26 February, 1959 and commenced business on 10 January 1961. The Company, formerly known as Lafarge Cement WAPCO Nigeria PLC changed its name after a special resolution was passed by the shareholders at an Annual General Meeting held on Wednesday 9 July 2014. The change of name became effective with the acquisition of shares in Lafarge South Africa Holdings (Proprietary) Limited (LSAH), United Cement Company of Nigeria Limited (UNICEM), AshakaCem PLC (AshakaCem) and Atlas Cement Company Limited (Atlas). The Company's corporate head office is situated at 27B Gerrard Road, Ikoyi, Lagos which is same as the registered office.

Lafarge Africa is in the business of manufacturing and marketing of cement and other cementitious products such as Ready-Mix Concrete, Aggregates, Fly-Ash etc. On July 15, 2016, Lafarge S.A. France and Holcim Limited, Switzerland, two large global players, merged to form LafargeHolcim Group based in Zurich, Switzerland. Consequently, Lafarge Africa is now a subsidiary company of Lafarge Holcim.

The term 'Group' as used in this report refers to Lafarge Africa, its subsidiaries and investment in joint venture. Lafarge Africa Group comprises of Lafarge Africa Plc and its subsidiaries below:

AshakaCem Limited was incorporated in Nigeria on 7 August 1974 as a private limited liability company and was converted to a public limited liability company in July 1990. In April 2017, the shareholders of AshakaCem, at an Extraordinary General Meeting (EGM), passed a resolution to delist the company from the official list of the Nigerian Stock Exchange (NSE). Subsequent to the delisting of the company, the shareholders of AshakaCem, at a meeting ordered by the Court, held an EGM on October 23, 2017, at which a Scheme to re-organize the issued share capital of the company was passed. The resolution passed at the court ordered meeting was subsequently filed and sanctioned by the Federal High Court and the sanction officially gazetted. At the conclusion of the scheme, Lafarge Africa owns 100% of the issued share capital of AshakaCem. AshakaCem's main business is the manufacturing and marketing of cementitious materials. Ashaka Cem has a production capacity of 1.0mtpa.

Wapsila Nigeria Limited was incorporated in Nigeria on 1 December 2014 as a wholly owned subsidiary of Lafarge Africa Plc. Its main business is the generation and sale of power. The Company is yet to commence operations as at 31 December 2020.

In November 2019, through a shareholder meeting ordered by the Federal High Court and the resolutions sanctioned by it, Lafarge Readymix Nig Ltd. was merged into Lafarge Africa effectively from 30th November, 2019. The Court Sanction was registered with the CAC and published in the official Gazette of the Federal Government of Nigeria.

Lafarge Africa Plc owns a 35% interest in Continental Blue Investment (CBI), a Company involved in development, financing and operation of a cement grinding plant in Ghana.

The Group's subsidiaries are as stated below;

31 December 2020	31 December 2019
AshakaCem Limited	AshakaCem Limited
Wapsila Nigeria Limited	Wapsila Nigeria Limited

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The note provides a list of the significant accounting policies adopted in the preparation of these consolidated and separate financial statements to the extent they have not already been disclosed in other notes. These policies have been consistently applied to all the years presented unless otherwise stated.

2.2 Basis of preparation

i) Compliance with IFRS

These consolidated and separate financial statements of Lafarge Africa Plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011. The financial statements, which were prepared on a going concern basis, were authorized for issue by the Company's board of directors on 19th March 2021.

ii) Basis of measurement

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items, which are measured on an alternative basis on each reporting date:

- non-derivative financial instruments – initially at fair value and subsequently at amortized cost using effective interest rate
- derivative financial instruments – measured at fair value
- defined benefit pension plans - plan assets measured at fair value
- inventory - lower of cost and net realisable value
- lease liabilities- measured at present value of future lease payments

The historical financial information is presented in Naira, which is the Group's functional currency, and all values are rounded to the nearest thousand (₦'000), except where otherwise indicated. The accounting policies are applicable to both the Company and Group.

iii) Use of judgements and accounting estimates

In preparing these consolidated and separate financial statements, management has made judgments, estimates and assumptions that affect the application of the

Group/Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is disclosed in Note 3.1.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is disclosed in Note 3.2

2.2.1 Going concern

These financial statements have been prepared on a going concern basis. Management believes that the going concern assumption is appropriate.

2.2.2 Changes in accounting policies and disclosures

i) New and amended standards and interpretations adopted by the Group

The Group has initially adopted Definition of a Business (Amendments to IFRS 3) and Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) from 1 January 2020. A number of other new standards are also effective from 1 January 2020 but they do not have a material effect on the Group's financial statements which are stated below;

'i) Amendments to References to Conceptual Framework in IFRS Standards

ii) Definition of Material (Amendments to IAS 1 and IAS 8)

ii) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements

A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives will not be restated. The Group has determined that all contracts existing at 31 December 2020 will be completed before the amendments become effective.

B. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

i. Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

ii. Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas.

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to subgroups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

iii. Disclosure

The amendments will require the Group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

iv. Transition

The Group has begun to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

2.3 Principles of consolidation and equity accounting

The financial statements of the consolidated subsidiaries were used to prepare the consolidated financial statements as at the parent company's reporting date.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and unconsolidated from the date that control ceases.

Common control business combination and re-organization:

The Group uses the pooling of interest method to account for business combinations involving entities ultimately controlled by LafargeHolcim group. A business combination is a "common control combination" if:

- The combining entities are ultimately controlled by the same party both before and after the combination and
- Common control is not transitory

Under a pooling of interest-type method, the Group accounts for the combination as follows:

- The assets and liabilities of the acquiree are recorded at book value and not at fair value.
- Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).
- No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is recorded directly in equity.
- Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.
- Any expenses of the combination are written off immediately in the statement of profit or loss and comprehensive income.

f) For business combinations, comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented. For capital re-organisations between entities already controlled by Lafarge Africa, transactions are effected as though they started at the beginning of the year of merger using the book value of the entities. Comparatives are not restated.

g) Adjustments are made to achieve uniform accounting policies.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) *Non-controlling interests (NCI)*

NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions.

iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv) *Joint arrangements*

The Group's joint arrangements are classified as joint venture. A joint venture is an arrangement in which the Group and other parties have joint control, whereby the group has rights to the net assets of the joint arrangement. The classification is based on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (v) below).

v) *Interest in equity-accounted investees*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

Interests in the joint ventures are derecognised when the Group loses joint control over the joint venture. Any resulting gain or loss is recognised in profit or loss.

vi) *Impairment assessment of investments in subsidiary*

Interests in the equity of subsidiaries not attributable to the parent are reported in equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported as profit or loss attributable to non-controlling interests.

In the separate financial statements of Lafarge Africa Plc (the Company) investments in subsidiaries is recognised at cost and dividend income is recognised in other income in the statement of profit or loss.

The Group assesses at the end of each reporting period whether there is objective evidence that an investment is impaired. An investment is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment and has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

vii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations, and is part of a single coordinated plan to dispose a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year."

2.5 Revenue recognition

The specific recognition criteria described below must also be met before revenue is recognised:

The Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognised is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer or for construction related activities).

2.6 Investment income

Investment income arising on dividends from subsidiaries and un-listed investments are usually classified as part of other income. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.7 Finance income and expenses

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss. Foreign exchange gains and losses on transactions are presented in net finance income or finance expense.

Finance expense is recognised in profit or loss and would normally include; bank charges, interest expense calculated using the effective interest rate method, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and the unwinding of the effect of discounting provisions.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.8 Government grants

The Group's government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

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

The benefit of a government loan at a below-market rate of interest is treated as government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The unwinding of the discount is recognised each year as a finance cost in the profit or loss.

2.9 Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on Taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting ALL expenses and taxes from revenue earned by the Group during the Year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

b) Minimum tax

The Group and Company are subject to the Company Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on 0.5% of the gross turnover of the Group and Company). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

The Group offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

c) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.10 Leases

A) Definition of a lease

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019

B) As a lessee

The right-of-use assets were in general measured at the present value of the lease liability, adjusted for any prepaid and accrued leases before the date of initial application. For certain leases, the right-of-use asset was measured at its carrying amount as if the standard had been applied since the commencement date, discounted with the incremental borrowing rate at the date of initial application. Lafarge Africa Plc does not recognise right-of-use asset and record lease liability for the payments for short-term leases, that is, leases with a lease term assessed to be 12 months or less from the commencement date, and for leases of low value assets, that is, assets which fall below the capitalization threshold for property, plant and equipment as the impact is immaterial. These payments are included in operating profit on a cost incurred basis and reported in the cash flow from operating activities. Information regarding the financial impacts of the initial application of IFRS 16 is stated below. Since January 1, 2019, the Group assesses at inception of a contract whether it contains a lease under IFRS 16 and accordingly recognizes a right-of use asset and a lease liability if it meets the definition of a lease, with the exception of short-term leases and leases of low value assets as described above.

The lease liability is measured at commencement date at the present value of the future lease payments, discounted with the interest rate implicit in the lease or, if not readily determinable, with the lessee's respective incremental borrowing rate. Future lease payments include in-substance fixed payments, variable lease payments depending on an index or rate and, if assessed as reasonably certain to be exercised, payments for purchase options, termination options and extension options. The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis. The right-of-use asset is recognized at the commencement date at cost, which includes the amount of the lease liability recognized, any lease payments made at or before the commencement date of the lease, initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or restoring the asset to the condition agreed with the lessor. Unless the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term. Right-of-use assets are subject to the impairment requirements under IAS 36 Impairments of Assets.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

In the cash flow statement, the portion of the lease payments reflecting the repayment of the lease liability and interest portion is presented within financing activities.

2.11 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs.

An impairment loss is recognised if the carrying amount of an asset or CGUs exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised if any, in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents as shown in the statement of financial position comprise cash in hand or bank, deposit held at call with banks and time deposits which are readily convertible to cash with original maturities of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group/Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of raw materials, spare parts, other supplies (consumables) and purchased finished goods is the weighted average cost less amount written down to net realizable value.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overhead based on normal operating capacity.

Net realisable value of inventories is the estimated selling price of the inventories in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Slow moving and obsolete inventory items are written off to profit or loss.

2.14 Financial instruments**2.14.1 Financial assets*****Non-Derivative financial assets:*****i. Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2.14.2 Financial liabilities

Non-Derivative financial liabilities:

i) *Classification*

Financial liabilities are classified as financial liabilities at amortised cost. The Group has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

a) *Financial liabilities at amortised cost*

These includes trade and other payables, loan payables and borrowings. Trade payables are classified as current liabilities due to their short term nature while borrowings are split into current and non current liabilities. Borrowings included in non-current liabilities are those with maturities greater than 12 months after the reporting date.

ii) *Recognition & measurement*

Financial liabilities are recognised initially at fair value, net of any transaction costs. Loan payables and borrowings are recognised on the date when they are originated. All other financial liabilities are initially recognised on the trade date when the entity becomes party to the contractual provisions of the instrument. Subsequently, they are measured at amortised cost using the effective interest method.

2.14.3 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.14.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Group or Company.

2.14.5 Impairment of financial assets

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to the 12 month ECLs.

The ECLs for trade and other receivables are estimated using a provision matrix based on the Group's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current as well as the forecast direction of conditions at the reporting date. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group has identified the change in annual gross domestic product (GDP) to be the most relevant factors and accordingly adjusts the historical loss rates if a significant change in GDP is expected within the next 12 months.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

2.15 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Spares expected to be in use for more than one year with material values as determined by the Directors are capitalised and depreciated over a period of 3-10 years.

Construction work in progress (Construction expenditure) is not depreciated, it is carried at cost less any recognised impairment losses. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company accounting policies. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are used.

Freehold or leasehold land with indefinite extension is not depreciated by the Group. Depreciation of property, plant and equipment is calculated using the straight-line method to write down the cost to the residual values over the estimated useful lives, as follows:

	Useful life
Leasehold land	Depreciated over the lease term (years)
Buildings	20-35
Production plant	20-30
Capitalised spares	3-10
Furniture	3-10
Motor vehicles	3-10
Computer equipment	4-10
Ancillary plant & machinery	10-20

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

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

The Group require minimum levels of inventory to be able to operate the plant, such inventories were capitalised in line with recognition criteria in IAS 16.16(b) as costs that are necessary to bring the assets to its working condition.

Right-of-use assets

On transition to IFRS 16 on January 1 2019, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases and recognise right of use assets which is now being included in property, plant and equipments.

The right-of-use assets were in general measured at the present value of the lease liability, adjusted for any prepaid and accrued leases before the date of initial application. For certain leases, the right-of-use asset was measured at its carrying amount as if the standard had been applied since the commencement date, discounted with the incremental borrowing rate at the date of initial application. The group does not recognise right-of-use asset and record lease liability for the payments for short-term leases, that is, leases with a lease term assessed to be 12 months or less from the commencement date, and for leases of low value assets, that is, assets which fall below the capitalization threshold for property, plant and equipment as the impact is immaterial. The right of use assets is being depreciated over the lease term on a straight line basis and recorded as depreciation in profit or loss statement.

2.15.1 Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

2.15.2 Inspection costs

Where an asset requires an inspection after a specified interval then the Group recognises the cost of such inspection in the carrying value of related asset, if its economic benefits are for more than one accounting period.

2.16 Intangible assets

Initial recognition and measurement

In accordance with criteria set in IAS 38, intangible assets are recognised only if:

- they are identifiable,
- they are controlled by the entity because of past events, and

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Subsequent recognition

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortisation methods and periods

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Derecognition

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

2.16.1 Software

Intangible assets primarily include software costs and are amortized using the straight-line method over their estimated useful life of 3 years which is based on management estimation. This expense is recorded in administrative expenses based on the function of the underlying assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

2.17 Borrowing costs

General and specific borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those asset, until such time as the assets are substantially ready for their intended use or sale.

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. 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. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings. Where a range of debt instruments is used to borrow funds, or where the financing activities are coordinated centrally, a weighted average capitalization rate is applied.

2.18 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

The amount of provisions are at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

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

2.18.1 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group and company, or a present obligation that arise from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.18.2 Site restoration provisions

In accordance with the Group's policy and general commitment to respect the environment, the Group has a constructive obligation to restore all quarry sites. The provision for such site restoration is recorded in Statement of financial position and charged to finance cost on commencement of mining activities. This provision is recorded over the operating life of the quarry on the basis of production levels and depletion rates. The estimated future costs for known restoration requirements are determined on a site-by-site basis.

Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are included in profit or loss.

2.19 Exploration and evaluation

(a) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(b) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

2.20 Employee benefits

a) Short-term employee benefits

This includes wages, salaries, bonuses, paid annual leave, sick leave and other contributions. These benefits are expensed in the period in which the associated services are rendered by employees of the Group. A liability is recognised for the amount that is expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group ensures that each employee is paid his/her annual leave entitlement at the end of each reporting period.

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

The group provides employees with two (2) Long Service Award Benefits. The benefits are gift items, Ex-Gratia (expressed as a multiple of Monthly Basic Salary), a plaque and certificate. The liability recognised in respect of these awards is computed using actuarial methods (discounted at present value). Any resulting remeasurement gain/loss is recognised in full within other income/administrative expense in the profit or loss.

Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

c) Post-employment benefit obligations

Defined contribution scheme

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. For Nigerian entities, the employee contributes 8% while the Group contributes 10% of the emoluments (basic, housing and transport allowance). 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.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Group. The contributions are recognised as employee benefit expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

d) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.21 Share capital

The Company has only one class of shares; ordinary shares. 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.

Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12

2.22 Dividends

Dividends are recognised as liability in the period they are declared.

Dividends which remain unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 432 of the Companies and Allied Matters Act (CAMA), 2020, are included in the profits that should be distributed to the other shareholders of the Company.

2.23 Earnings per share

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

2.24 Prepayment for gas

The Company has a gas supply contract which requires that on a monthly basis, an agreed sum, known as the base amount, is paid by the Company for the supply of a specified quantity of gas in future, regardless of the Company's ability to utilise the gas. Any excess of the base amount over the value of actual gas utilised is recognised as prepaid gas assets, which is included in other assets in the financial statements.

Prepaid gas are capitalised when it is determined that the company will be able to utilise such amounts in the future and expensed as incurred. As the prepaid gas assets are utilised, they are expensed and recorded in the income statement in the period in which they are utilised.

2.25 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated for the purpose of preparing the statement.

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

The cash flows from investing and financing activities are determined by using the direct method.

2.26 Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4.3.1 – Financial Instrument – Fair value measurement

The Group only has assets measured on re-curring basis in each reporting period. There were no non-recurring assets measured at fair value. Further information about the assumptions made in measuring the fair value is included in Note 4.3.1 - Financial Instruments Fair Value measurement.

2.27 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit or loss of equity accounted investees and income taxes.

3 Accounting estimates and judgments

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the amounts reported for the assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. The key source of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are discussed below.

3.1 Judgements

Leases

The judgement on whether the Group is reasonably certain to exercise extension options is disclosed in Note 2.10

3.2 Key sources of estimation uncertainty

3.2.1 Site restoration provisions

Where the Group is legally, contractually or constructively required to restore a site, the estimated costs of site restoration are accrued for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the site. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of site restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the site. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of future activities. See further details in Note 31.1.

3.2.2 Trade receivables

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes significant assumptions in line with the expected credit loss model of IFRS 9 in determining the weighted average loss rate. See further details in Note 22.3

3.2.3 Rate for translation of foreign operations

The Group determines the rate to be used for translation of its foreign operations based on the rate available for immediate delivery.

3.2.4 Staff gratuities and Long Service awards

The cost of the defined benefit plans and the present value of retirement benefit obligations and long service awards are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, these obligations are highly sensitive to changes in assumptions.

All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bond in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. Further information is provided in Note 33.

3.2.5 Impairment of Property, Plant and Equipment

The Group assesses its property, plant and equipment, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

The assessment for impairment entailed comparing the carrying value of the cash generating unit with its recoverable amount. The recoverable amount is based on an estimate of the value in use of these assets. Value in use is determined on the basis of discounted estimated future net cash flows. During the year, the Group recognised impairment losses in respect of two projects in Mfamosing and Ewekoro Plants. The value in use for all impaired items during the period is estimated to be zero as the Group does not expect any positive net cash flows arising from use or abandonment. These assets cannot be sold or transferred. See further details in Notes 15.2.

3.2.6 Exploration and evaluation

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

3.2.7 Provisions and Contingencies

The Group makes judgements in recognition and measurement of provisions and contingencies especially relating to key assumptions about the likelihood and magnitude of an outflow of resources. See note 2.18

3.2.8 Prepayment for Gas

The Company has a gas supply contract with a vendor. The contract requires that a base amount is paid (take-or-pay (TOP)) by the Company regardless of its gas utilisation. The excess of the base amount over the value of actual gas utilised is recognised in the financial statements as prepayment for gas. Based on the contract, any quantities of Gas forming part of the TOP quantity paid for by the Company and not utilised during a contract year shall be designated as Make-up Gas (MUG) and the Company shall be entitled to utilise the remaining balance of the accrued Make-up Gas in any subsequent period in the chronological order in which it is accrued during the contract period.

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The Company performs an assessment to determine whether the prepaid gas asset is recoverable within the contract period. This assessment contains elements based on judgments and assumptions that are impacted by future production volumes, forecasted growth rates and gas utilisation levels as well as the ability of the vendor to fulfill its obligations under the terms of the contract. There is a risk that actual outcomes may differ from expectations. Further details are included in Note 20.1 on Prepayment for Gas.

4 Financial risk management

The Group has exposure to credit, liquidity and market risk arising from financial instruments.

4.1 Financial risk factors

The Corporate Investment and Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit and liquidity risk.

The Group seeks to minimise the effects of these risks by aligning to parent company's policies as approved.

Compliance with policies and established controls is reviewed by the internal auditors on a continuous basis.

The Corporate Investment and Treasury function reports monthly to the executive committee and periodically to the Risk and Ethics committee of the Board of Directors, for monitoring and implementation of mitigating policies.

The Internal Audit Department provides an independent assurance of the risk framework. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

(a) Credit risk management

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 to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The credit limit is determined on an individual customer basis and as approved by the Credit Committee based on an assessment of each customer's credit worthiness. Bank guarantees are required from every customer that is granted credit.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive committee periodically.

The average credit period on sales of goods is 30 days. No interest is charged on trade receivable by the Group.

Before accepting a new customer with no historical information on their credit worthiness, the Group ensures that bank guarantees are in place in order to limit its credit risk exposure. The bank guarantees mitigate 90% of the credit risk exposure.

The Group does not have a single customer with a contribution of more than 5% of the total balance of trade receivables.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables for which no loss allowance is required because of collateral.

The financial assets of the Group and Company are stated below:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Trade receivables - Net (Note 22)	2,094,834	2,219,293	4,462,570	2,751,989
Other receivables (Note 22)	2,934,079	5,973,757	21,793,214	17,700,697
Other financial assets (Note 18) **	2,696,228	1,772,453	2,693,886	1,768,839
Cash and cash equivalents (Note 23)	53,322,980	27,103,942	39,749,715	25,391,035
Derivative assets	18,905	-	-	-
	<u>61,067,026</u>	<u>37,069,445</u>	<u>68,699,385</u>	<u>47,612,560</u>

Financial assets exclude prepayment, VAT receivable and withholding tax recoverable as these are non financial instruments.

** Other financial assets exclude available for sale assets.

Trade receivables:

Trade receivables are further broken down into:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Neither past due nor impaired (Stage 1)				
0 - 30 days	1,513,272	780,371	3,911,160	1,408,012
Past due but not impaired (Stage 2)				
The ageing of amounts past due but not impaired is as follows:				
31 - 60 days	233,402	761,170	206,426	710,604
61 - 90 days	121,968	245,384	119,951	179,473
Over 90 days	226,192	432,368	225,033	453,900
	<u>581,562</u>	<u>1,438,922</u>	<u>551,410</u>	<u>1,343,977</u>
Impaired (Stage 3)				
Credit impaired	254,892	275,494	244,970	264,283
Total amount exposed to credit risk (Gross)	<u>2,349,726</u>	<u>2,494,787</u>	<u>4,707,540</u>	<u>3,016,272</u>
Impairment allowance (Note 22.3)	(254,892)	(275,494)	(244,970)	(264,284)
Total amount exposed to credit risk (Net)	<u>2,094,834</u>	<u>2,219,293</u>	<u>4,462,570</u>	<u>2,751,988</u>

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Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings as available.

Amounts due from related parties are considered recoverable by management as the Group has not suffered significant impairment losses in the past on related party receivables.

Impairment of trade receivables

An impairment analysis is performed at each reporting date and the calculation is based on actual incurred historical data. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Reconciliation of changes in the allowance for credit losses impairment account is disclosed in Note 22.3.

Expected credit loss assessment for corporate customers as at 31 December 2020

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Expected Credit Loss Assessment

Group

As at 31 December 2020	Weighted average loss rate	Gross carrying amount N'000	Loss Allowance N'000	Credit Impaired
0-30	1%	1,278,557		No
31-60	2%	224,149		No
61-90	4%	119,951		No
Over 90days	113%	484,469	254,768	Yes
		2,107,126	254,768	

As at 31 December 2019	Weighted average loss rate	Gross carrying amount N'000	Loss Allowance N'000	Credit Impaired
0-30	1%	780,371		No
31-60	2%	761,170		No
61-90	4%	245,384		No
Over 90days	113%	707,862	275,494	Yes
		2,494,787	275,494	

Company

As at 31 December 2020	Weighted average loss rate	Gross carrying amount N'000	Loss Allowance N'000	Credit Impaired
0-30	2%	1,196,890		No
31-60	6%	205,604		No
61-90	10%	119,951		No
Over 90days	29%	474,657	244,956	Yes
		1,997,102	244,956	

As at 31 December 2019	Weighted average loss rate	Gross carrying amount N'000	Loss Allowance N'000	Credit Impaired
0-30	2%	1,408,012		No
31-60	6%	710,604		No
61-90	10%	179,473		No
Over 90days	37%	718,183	264,283	Yes
		3,016,272	264,283	

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The Group holds bank guarantees to cover its credit risks associated with its financial assets.

(c) Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Group mitigates its credit risk of its bank balance and derivative financial assets by selecting and transacting with reputable banks with good credit ratings and a history of strong financial performance.

Bank ratings are based on Fitch national long term rating (2020). The credit ratings of the banks with the bank balances are shown below.

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Cash at bank				
AAA	4,704,692	1,699,833	4,694,264	1,633,201
A+	3,760,193	-	3,760,192	-
A-	12,747,955	-	4,213,780	-
B+	-	138,605	-	135,494
B	2,071,788	20,630,414	1,668,303	19,143,125
B-	28,772,059	-	24,146,882	-
F1	-	1,976,911	-	1,922,558
	52,056,686	24,445,763	38,483,421	22,834,378
Restricted cash at bank	1,266,294	1,375,834	1,266,294	1,375,834
Others**	-	1,282,345	-	1,180,823
Total cash and cash equivalents	53,322,980	27,103,942	39,749,715	25,391,035

**Others include cash in hand which have not been assessed for credit risk.

AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

'BBB' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

'BB' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

'B' ratings indicate that material credit risk is present.

'The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

Impairment on cash and cash equivalent has been measured on a 12- month expected loss basis and reflects the short maturities of the exposure. The group considers that it's cash and cash equivalent have low credit risk based on the external credit rating of the counterparties

The Group uses a similar approach for assessment of ECL for cash and cash equivalent to those used for debt securities. The impairment loss was assessed as nil (2019: nil) at year end

Trade receivables

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Counterparties without external rating				
Group 1 - New customers < 1 year	66,207	283,601	64,202	176,801
Group 2 - Existing customer with no default	1,196,625	229,148	3,606,588	974,378
Group 3 - Existing customer with default	250,440	267,622	240,370	256,833
	1,513,272	780,371	3,911,160	1,408,012

The derivatives are entered into with bank and financial institution counterparties, which are rated AA+ to B- based on Fitch ratings

4.1.2 Liquidity risk

(a) Management of liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group and Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group maintains the following lines of credit:

- N19.5 billion overdraft facilities that is unsecured. Interest payable ranges from 11% - 15%.
- N49.5 billion revolving credit facilities that is unsecured and can be drawn to meet short-term financing needs. Interest payable ranges from 0.5% - 15%.

(b) Maturities of financial liabilities

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group and Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group maintains the following lines of credit:

- N19.5 billion overdraft facilities that is unsecured. Interest payable ranges from 11% - 15%.
- N49.5 billion revolving credit facilities that is unsecured and can be drawn to meet short-term financing needs. Interest payable ranges from 0.5% - 15%.

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Group					
	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
31 December 2020					
Non derivative financial instruments					
Interest-bearing loans and borrowings	49,732,830	58,197,983	48,911,800	8,361,755	924,428
Trade and other payables**	49,297,732	49,297,732	49,297,732	-	-
	<u>99,030,562</u>	<u>107,495,715</u>	<u>98,209,532</u>	<u>8,361,755</u>	<u>924,428</u>
31 December 2019					
Non derivative financial instruments					
Interest-bearing loans and borrowings	64,185,115	81,583,307	22,026,857	55,610,893	3,945,557
Trade and other payables**	46,709,084	46,709,084	46,709,084	-	-
Bank overdraft	27,552	27,552	27,552	-	-
	<u>110,921,751</u>	<u>128,319,943</u>	<u>68,763,493</u>	<u>55,610,893</u>	<u>3,945,557</u>
Company					
31 December 2020					
Non derivative financial instruments					
Interest-bearing loans and borrowings	46,429,629	54,095,742	47,869,320	5,521,112	705,309
Trade and other payables**	54,321,390	54,321,390	54,321,390	-	-
	<u>100,751,019</u>	<u>108,417,132</u>	<u>102,190,711</u>	<u>5,521,112</u>	<u>705,309</u>
31 December 2019					
Non derivative financial instruments					
Interest-bearing loans and borrowings	55,984,112	71,436,334	18,862,919	51,639,929	933,485
Trade and other payables**	50,951,185	50,951,185	50,951,185	-	-
Bank overdraft	27,552	27,552	27,552	-	-
	<u>106,962,849</u>	<u>122,415,071</u>	<u>69,841,656</u>	<u>51,639,929</u>	<u>933,485</u>

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

** Trade and other payables exclude VAT payable, advance rent received, customer deposits and withholding tax payable as these are non financial instruments.

4.1.3 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to interest rate risk and foreign exchange rate risk.

(I) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

The Group is not exposed to fair value interest rate risk because its fixed interest rate borrowings are not carried at fair value. Interest rate risk is managed by the Group by maintaining an appropriate mix between fixed and floating borrowings. The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 200 basis points increase or decrease are used when reporting LIBOR and NIBOR risk respectively to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

Floating interest rate (variable rate):

The financial liabilities with floating interest rates are shown below;

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
<i>Naira denominated fixed rates</i>				
Power Fund (7%, 5%)	5,341,967	12,163,646	2,381,928	3,971,625
Bond (14.25%/14.75%)	34,083,978	33,849,197	34,083,978	33,849,198
Lease liabilities	7,868,846	17,358,603	7,859,810	17,349,567
Short term bank loans (16.53% - 17.01% p.a)	2,438,039	851,192	2,103,913	813,722
Bank overdrafts	-	27,552	-	27,552
	<u>49,732,830</u>	<u>64,250,190</u>	<u>46,429,629</u>	<u>56,011,664</u>
Total	49,732,830	64,250,190	46,429,629	56,011,664

Floating interest rate (variable rate):

The financial assets with floating interest rates are shown below;

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
<i>Foreign denominated variable rates</i>				
Loan to CBI Ghana (12 months LIBOR +11%)	2,631,490	1,762,507	2,631,490	1,762,507
	<u>2,631,490</u>	<u>1,762,507</u>	<u>2,631,490</u>	<u>1,762,507</u>

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Sensitivity of interest rates for financial assets

The Group is exposed to cash flow interest rate risk on related party loans. The table below details the impact on the post-tax profit of the Group and the Company (no impact on equity).

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
<i>Foreign denominated variable rates</i>				
Interest rates- decrease by 200 basis point	(52,630)	(35,250)	(52,630)	(35,250)
Interest rates- Increase by 200 basis point	52,630	35,250	52,630	35,250

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Group's cash flow and future profits. The Group is exposed to exchange rate risk as a result of cash balances denominated in a currency other than the Naira. The Group is mainly exposed to USD.

The following table details the Group's sensitivity to a 21%, increase and decrease in Naira against US dollar, Euro, Great Britain's Pound (GBP), Swiss Franc (CHF) and South Africa Rand (ZAR). Management believes that a 21% movement in either direction is reasonably possible at the 31 December 2020. The sensitivity analyses below include outstanding US dollar denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 21% against the US dollar. For a 21% weakening of Naira against the US dollar there would be an equal and opposite impact on profit, and the balances below would be negative.

Below are the foreign denominated currencies the Group is exposed to;

	31 Dec 2020		31 Dec 2019	
	Average rates	Closing rates	Average rates	Closing rates
US Dollars	411.19	470.00	361.65	363.92
Euros	469.56	577.25	404.83	407.81
GBP (Great Britain Pounds)	527.96	641.97	461.73	478.08
ZAR	25.14	31.95	25.05	25.85
CHF	438.55	533.40	363.97	375.53

Foreign currency denominated balances

	Group		Company	
	31 Dec 2020 000	31 Dec 2019 000	31 Dec 2020 000	31 Dec 2019 000
US Dollar				
Financial assets				
Cash and cash equivalents	12,132	6,459	11,742	6,051
Loan receivables	5,599	5,759	5,599	5,759
Financial liabilities				
Trade and other payables	(14,399)	(5,768)	(10,075)	(1,634)
Net financial (liabilities)/asset	3,331	6,450	7,266	10,176
Euro				
Financial assets				
Cash and cash equivalents	64	40	58	36
Financial liabilities				
Trade and other payables	(5,926)	(1,889)	(5,548)	(1,274)
Net financial (liabilities)/asset	(5,863)	(1,849)	(5,490)	(1,238)
GBP				
Financial assets				
Cash and cash equivalents	3	4	1	1
Financial liabilities				
Trade and other payables	(12)	(75)	(34)	(21)
Net financial (liabilities)/asset	(9)	(71)	(33)	(20)
ZAR				
Financial liabilities				
Trade and other payables	(2,501)	(1,338)	(2,161)	(474)
	(2,501)	(1,338)	(2,161)	(474)

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Group's earnings to fluctuations in USD, Euro, GBP, CHF and ZAR exchange rates is reflected by varying the exchange rates as shown below:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
US Dollar				
Increase in exchange rate by 21%	287,660	14,254	627,401	22,490
Decrease in exchange rate by 21%	(287,660)	(14,254)	(627,401)	(22,490)
Euro				
Increase in exchange rate by 21%	(578,121)	(4,086)	(541,333)	(2,736)
Decrease in exchange rate by 21%	578,121	4,086	541,333	2,736

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GBP				
Increase in exchange rate by 21%	(1,042)	(157)	(3,707)	(44)
Decrease in exchange rate by 21%	1,042	157	3,707	44
ZAR				
Increase in exchange rate by 21%	(13,204)	(2,200)	(11,408)	-
Decrease in exchange rate by 21%	13,204	2,200	11,408	-

4.2 Capital management

4.2.1 Risk management

The Group's objectives when managing capital are to safeguard its 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.

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 net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings', as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position plus net debt.

The gearing ratios at 31 December 2019 and 31 December 2020 were as follows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Total borrowings	49,732,830	64,212,667	47,233,357	60,594,077
Less: Cash and cash equivalents excluding bank overdrafts	53,322,980	27,103,942	39,749,715	25,391,035
Net (cash)/ debt	(3,590,150)	37,108,725	7,483,642	35,203,042
Total equity	359,638,502	344,914,001	373,974,933	361,421,559
Total capital	356,048,352	382,022,726	381,458,575	396,624,601
Gearing ratio	(0.01)	0.11	0.02	0.10

4.3 Fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions.

At the reporting date, the directors believe that the book values of the financial assets and liabilities, except borrowings, are not materially different from the fair value.

All financial assets and liabilities are classified as level 2 except for non-deliverable futures, which is classified as level 1. The book values of the trade and other receivables, financial assets, trade and other payables are expected to approximate the fair values of these financial instruments due to their short term maturities. There were no transfers between levels during the reporting period.

	Group			
	31 December 2020		31 December 2019	
	N'000	N'000	N'000	N'000
	Fair value	Book Value	Fair value	Book Value
Financial Assets				
<i>Financial Assets classified at amortised cost</i>				
Trade and other receivables	5,028,913	5,028,913	8,193,050	8,193,050
Financial assets (excluding non-deliverable futures)	6,324,051	6,324,051	1,772,453	1,772,453
Cash and cash equivalents	53,322,980	53,322,980	27,103,942	27,103,942
Financial Assets classified at fair value through profit or loss				
Derivative assets	18,905	18,905	-	-
Financial Liabilities				
<i>Financial liabilities classified as amortised cost</i>				
Trade and other payables**	49,297,732	49,297,732	46,709,084	46,709,084
Bank overdraft	-	-	(27,552)	(27,552)
Borrowings	(49,732,830)	(49,732,830)	(64,185,115)	(64,185,115)
Financial liabilities classified at fair value through profit or loss				
Derivative liabilities	-	-	-	-
	Company			
	31 December 2020		31 December 2019	
	N'000	N'000	N'000	N'000
	Fair value	Book Value	Fair value	Book Value
Financial Assets				
<i>Financial Assets classified at amortised cost</i>				
Trade and other receivables	26,255,784	26,255,784	20,452,686	20,452,686
Financial assets	6,321,709	6,321,709	1,768,839	1,768,839
Cash and cash equivalents	39,749,715	39,749,715	25,391,035	25,391,035
Financial Assets classified at fair value through profit or loss				
Derivative assets	-	-	-	-
Financial Liabilities				
<i>Financial liabilities classified as amortised cost</i>				
**Trade and other payables	54,321,390	54,321,390	50,951,185	50,951,185
Bank overdraft	-	-	(27,552)	(27,552)
Borrowings	(47,233,357)	(47,233,357)	(60,566,525)	(60,566,525)
Financial liabilities classified at fair value through profit or loss				
Derivative liabilities	-	-	-	-

** Trade and other payables exclude VAT payable, advance rent received, customer deposits and withholding tax payable as these are non financial instruments.

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4.3.1 Fair value measurement

Group

Financial Instruments in Level 1

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

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

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

Financial Instruments in Level 2

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

4.4 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

5 Segment Reporting

The Board of Directors (BOD) is the chief operating decision maker who reviews the internal reporting to assess performance and allocate resources. The Directors have identified operating segments based on these internal reports. The BOD considers business from the range of product perspective.

The BOD assesses the performance of the operating segments based on a measure of total assets and liabilities, revenue, gross profit and other directly attributable expenses. These operating segments are:

Cement

Established for the business of cement production. This segment typically has three major business operations within Nigeria which are the South-West operations, the Southern Nigeria operation and the Northern Nigeria operation.

Aggregates and concrete

Established for the business of concrete and aggregates. This segment has operations currently in Lagos, Abuja, Port-Harcourt, and Ewekoro and is expected to spread to other states of Nigeria in the near future.

Admixtures and other products

Established for the business of admixtures and other solutions. Admixtures are chemical compounds added to concrete to modify its properties.

The segments identified meet the recognition criteria as a reportable segment under IFRS 8.

The amounts provided to the board of directors with respect to total income and expense are measured in a manner consistent with that of the financial statements. These assets are allocated based on the use of the segment and the physical location of the asset.

*Deferred tax assets and liabilities are not assessed for the purpose of segment reporting.

No revenue in excess of 10% was generated from a single customer.

5.1 Segment Information by Product line

	External revenue		Gross revenue	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Cement	226,178,496	207,239,947	226,178,496	207,239,947
Aggregates and concrete	4,292,151	5,759,119	4,292,151	5,759,119
Others	102,275	-	102,275	-
Total	230,572,922	212,999,066	230,572,922	212,999,066

Revenue from internal customers of N1.83 billion (2019:N3.13 billion) has been eliminated on consolidation.

	Cement	Aggregate and others	Total
	N'000	N'000	N'000
Revenue	226,178,496	4,394,426	230,572,922
Cost of sales	(160,066,316)	(3,266,236)	(163,332,552)
Other Income	784,910	191,243	976,153
Other expenses**	(20,311,831)	(136,969)	(20,448,800)
Operating profit	46,585,259	1,182,464	47,767,723

**This comprises selling and marketing expenses, administrative expenses and other operating expenses

	Cement	Aggregate and others	Total
	N'000	N'000	N'000
Statement of financial position by segment:			
Property, plant & equipments	345,828,780	2,499,370	348,328,150
Other non current assets	54,233,557	1,581,002	55,814,559
Current assets	101,826,775	1,244,491	103,071,266
Total assets	501,889,112	5,324,863	507,213,975
Non current liabilities	(20,473,933)	454,537	(20,019,396)
Current liabilities	(129,143,163)	1,587,086	(127,556,077)
Net assets/(liabilities)	352,272,016	7,366,486	359,638,502

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	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
6 Revenue				
Sale of goods	230,572,922	212,999,066	202,530,359	188,407,004
The following is an analysis of revenue by product:				
Cement	226,178,496	207,239,947	198,135,933	182,647,885
Aggregate and concrete	4,292,151	5,759,119	4,292,151	5,759,119
Admixtures and other products (Note 6.1)	102,275	-	102,275	-
	230,572,922	212,999,066	202,530,359	188,407,004

6.1 Admixtures and other products represent revenue earned from the sale of mortar

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
7 Cost of sales by nature				
Variable costs (Note 7.1)	100,683,721	91,422,217	86,570,694	76,577,261
Production costs (Note 7.2)	23,821,180	24,450,963	17,221,972	18,475,108
Maintenance costs	8,470,505	8,438,647	7,607,650	7,638,179
Distribution costs	1,780,675	4,378,955	1,104,472	3,611,246
Depreciation (Note 15)	27,350,037	27,932,666	25,323,726	25,801,214
Impairment of property, plant and equipment (Note 15)	1,193,025	389,911	1,193,026	389,911
Amortisation of intangible assets (Note 16.1)	33,409	33,409	33,409	14,608
	163,332,552	157,046,768	139,054,949	132,507,527
7.1 Variable costs				
Distribution variable cost	39,835,362	37,516,849	35,381,496	32,566,857
Fuel and power	38,641,203	31,763,090	29,380,296	23,477,517
Raw materials and consumables	22,207,156	22,142,278	21,808,902	20,532,887
	100,683,721	91,422,217	86,570,694	76,577,261

7.2 Production costs

Included in the production costs are personnel expenses, by-products costs, inventory write-offs and electrical energy expenses.

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
8 Selling and marketing expenses				
Advertising expenses	780,786	2,021,950	780,786	2,021,950
Campaign and innovation expenses	44,913	171,260	44,913	171,260
Marketing staff salaries and other related costs	3,395,486	2,902,390	3,395,304	2,884,913
	4,221,185	5,095,600	4,221,003	5,078,123
9 Administrative expenses by nature				
Salaries and other staff related costs	6,190,070	5,382,669	6,190,070	5,409,582
Directors' costs	174,327	35,476	174,277	34,882
AGM Costs	65,441	93,517	65,441	93,517
Audit fees	100,000	127,500	85,000	107,500
Community relation	210,818	197,700	210,818	197,602
Fuel	23,616	42,724	23,616	42,515

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	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Administrative expenses by nature cont'd				
Insurance	2,436	6,750	2,436	6,750
Advance payment of taxes and levies (Note 9.1)	1,999,062	1,999,062	1,999,062	1,999,062
Other supplies and spare parts	618,086	156,873	618,086	156,411
Rent	69,166	62,525	69,166	62,525
Consultancy fees	597,683	847,909	596,189	847,804
Repair and maintenance	44,028	17,940	44,028	17,940
Security Cost	59,122	187,794	59,122	187,794
Training	184,948	100,059	184,948	100,059
Travel	282,379	591,046	280,457	581,062
Office and general expenses (Note 9.2)	1,698,632	1,659,500	1,599,148	1,644,634
Depreciation (Note 15.6)	1,176,379	1,564,704	808,544	1,359,217
Amortisation of intangible assets (Note 16.1)	1,229,449	638,851	949,137	503,428
Technical service fees (Note 9.4)	3,576,134	3,847,193	3,547,875	3,575,145
	18,301,776	17,559,792	17,507,420	16,927,429

9.1 Advance payment of taxes and levies

In 2020, the Company renewed an agreement with a state government to advance an amount not exceeding ₦2.8 billion annually as payments for all taxes, dues and levies payable in the state. The agreement, which is for a three-year period which commenced in April 2017, which effectively exempts the Company from all Cross River State and local government taxes, dues and levies during the agreed period. In line with the agreement, the Company made an advance payment of ₦2.8 billion, of which ₦1.9 billion relates to the current financial year. ₦0.9 billion advance payment brought forward in the year, has also been amortised in the income statement in current year. These amounts have been included in the consolidated and separate statements of profit or loss and other comprehensive income as Cost of sales ₦0.9 billion (under Note 7.1 - Distribution variable cost) and Administrative expenses ₦1.9 billion (Under Note 9 – Administrative expenses).

9.2 Office and general expenses

Office and general expenses mainly relate to office expenses and stationary, legal cost, fees, subscriptions, other personnel costs, IT costs, canteen, cleaning, distribution and licenses.

9.3 Non-audit fees paid to KPMG Professional Services

The total amount of non-audit fees paid to KPMG Professional Services is ₦5.3 million. This is in respect of tax services rendered during the year.

9.4 Technical service fees

Lafarge Africa Plc has a technical service agreement with Holcim Technology Limited, a related party, which relates to Industrial Franchise. This agreement has been registered with the National Office for Technology Acquisition and Promotion (NOTAP) in Nigeria and the provision for the technical service fees is computed as 5% of Earnings before interest, tax, depreciation and amortisation (EBITDA) for both Group and Company, subject to maximum of 2% of net sales. The total technical service fees payable at year end for the Group and Company amounted to ₦3.9 billion (2019: ₦5.7 billion and ₦5.4 billion) respectively.

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
10 Other income				
Gain on disposal of property, plant and equipment (Note 10.1)	237,369	54,689	224,949	54,689
Government grants (Note 10.2)	292,010	253,958	110,733	110,732
Sale of Scraps and other miscellaneous income (Note 10.3)	446,772	2,043,054	628,049	1,940,982
Investment income (Note 10.4)	-	-	-	7,934,772
	976,151	2,351,701	963,731	10,041,175

10.1 Gain on disposal of property, plant and equipment

This represents gain on disposal of the Company's motor vehicles and land held by the Company.

10.2 Government grants

Government grants arise from below-market interest rate government loans (CBN/BOI Intervention Fund loan) obtained in July 2011 and in March 2018. There are no unfulfilled conditions or contingencies attached to these grants.

10.3 Sale of Scraps and other miscellaneous income

This comprises of the total income earned on miscellaneous activities not related to cementitious products including income from sale of scrap and product shortage recoveries (haulers).

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	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
10.4 Investment income				
Dividends received from subsidiary (Note 10.4.1)	-	-	-	7,934,772
	-	-	-	7,934,772

10.4.1 Dividend received from subsidiary
2019 investment income in the Company represents dividend received from AshakaCem

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
11 Other operating expenses				
Impairment of loan receivable (11.1)	-	333,498	-	333,498
Write off of assets	41,026	430,763	41,026	356,348
	41,026	764,261	41,026	689,846

11.1 The impairment loss recognised in prior year relates to the expected credit loss on the loan receivable due from CBI Ghana.

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
11.2 Impairment reversal on trade receivables				
Impairment reversal on trade and other receivables	(20,605)	(25,862)	(19,316)	(34,180)
	(20,605)	(25,862)	(19,316)	(34,180)

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
12 Finance income and costs				
12.1 Interest income under the effective interest method and other finance income:				
Interest income on current accounts	766,445	1,070,952	690,051	789,010
Other finance income	123,351	111,460	123,351	110,801
Interest on loan receivable	286,206	254,163	286,206	271,497
Foreign exchange gain (net)	-	1,722,011	-	1,655,551
	1,176,002	3,158,586	1,099,608	2,826,859
12.2 Finance costs:				
Interest on bank overdraft	-	(740,443)	-	(740,443)
Interest on borrowings (Note 30.5)	(7,859,989)	(18,125,050)	(8,418,695)	(18,981,016)
Unwinding of discount on provisions (Note 31.1)	(66,636)	(148,084)	(66,636)	(88,485)
Interest cost on employee's long service award (Note 33.2)	(167,311)	(201,016)	(138,044)	(168,076)
Interest cost on staff gratuities (Note 33.3)	(97,072)	(63,319)	(97,072)	(63,319)
Bank charges	(630,226)	(898,597)	(577,608)	(909,027)
Finance costs per statement of cash flows	(8,821,234)	(20,176,509)	(9,298,055)	(20,950,366)
Foreign exchange loss (net)	(888,922)	-	(604,661)	-
Finance costs	(9,710,156)	(20,176,509)	(9,902,716)	(20,950,366)
Net finance costs recognised in the profit or loss	(8,534,154)	(17,017,923)	(8,803,108)	(18,123,507)

Bank charges represent Letter of credit charges, Over-the-counter (OTC) charges for non-deliverable futures and other bank account operational charges

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	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
12.3 Interest received per statement of cash flows				
Finance income per profit or loss	1,176,002	3,158,586	1,099,608	2,826,859
Interest receivable	(537,297)	(471,819)	(514,878)	(471,819)
Interest received per statement of cash flows	638,705	2,686,767	584,730	2,355,040

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
12.4 Interest paid per statement of cash flows				
Finance costs per profit or loss	(9,710,156)	(20,176,509)	(9,902,716)	(20,950,366)
Interest payable/(receivable) /offset	949,478	(2,621,928)	1,373,333	(1,765,962)
Interest paid- non cash effective	-	8,399,478	-	8,399,478
Non-cash interest charged to profit or loss	331,019	412,419	301,752	319,880
Foreign exchange loss (net)	888,922	-	604,661	-
Interest paid per statement of cash flows	(7,540,737)	(13,986,540)	(7,622,970)	(13,996,970)

13 Income tax (credit)/ expense

This note provides an analysis of the Group and Company's income tax expense. It shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made, if any, in relation to the Group and Company's tax position.

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
13.1 Minimum tax charge recognised in profit or loss	377,593	677,319	377,593	677,319

13.2 Income tax expense recognised in profit or loss

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Current taxation				
Company income tax	1,565,212	749,764	-	-
Education tax	754,793	424,928	629,000	350,577
Capital gains tax	7,490	-	7,490	-
Total current tax expense	2,327,495	1,174,692	636,490	350,577
Deferred taxation				
Deferred tax charge to profit or loss (Note 13.7)	4,024,905	522,488	4,590,079	568,505
Income tax expense	6,352,400	1,697,180	5,226,569	919,082
Income tax expense	6,352,400	1,697,180	5,226,569	919,082

The Company's operating results when adjusted for tax purposes, resulted in a nil taxable income. Accordingly, no provision has been made for Company Income tax.

13.3 Reconciliation of effective tax to statutory tax

The tax on the Company's profit before income tax differs from the amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Profit before tax from continuing operations before income tax expense	37,572,131	17,892,285	34,319,046	24,318,017
Tax calculated at statutory tax rate of 30%	11,271,639	5,367,686	10,295,714	7,295,405
Impact of disallowable expenses for tax purpose	672,210	495,370	602,583	451,474
Impact of non taxable income	(12,342)	581,105	-	(1,526,350)
Changes in estimate relating to prior year	(2,954,642)	(1,176,126)	(2,921,469)	(1,656,242)
Impact of education tax	754,793	424,928	629,000	350,577
Impact of Minimum Tax	377,593	677,319	377,593	677,319
Effect of pioneer status	(3,764,342)	(3,973,844)	(3,764,342)	(3,973,844)
Impact of business combination	-	(699,258)	-	(699,258)
Impact of capital gains tax	7,490	-	7,490	-
Income tax expense recognised in profit or loss	6,352,400	1,697,180	5,226,570	919,081
Effective tax rate	17%	9%	15%	4%

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13.4 Income tax recognised in other comprehensive income

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Deferred tax arising on: Remeasurement of defined benefit obligation	-	30,659	-	30,659

13.5 Current tax liabilities

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Balance at 1 January	1,929,457	1,156,231	1,229,095	201,199
Charge for the year:				
Company income tax	1,565,212	749,764	-	-
Education tax	754,793	424,928	629,000	350,577
Capital gains tax	7,490	-	7,490	-
Minimum tax	377,593	677,319	377,593	677,319
	4,634,545	3,008,242	2,243,178	1,229,095
Payment during the year	(1,556,084)	(1,078,785)	(1,134,041)	-
At 31 December	3,078,461	1,929,457	1,109,137	1,229,095

13.6 In the statement of cash flows, Income taxes paid comprise:

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Current income tax liabilities paid (Note 13.5)	(1,556,084)	(1,078,785)	(1,134,041)	-
Total current income taxes paid	(1,556,084)	(1,078,785)	(1,134,041)	-

13.7 Deferred taxation

The analysis of deferred tax assets/(liabilities) is as follows:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Deferred tax assets	23,404,073	27,994,154	23,404,073	27,994,154
Deferred tax liabilities	(9,401,523)	(9,966,699)	-	-
Deferred tax assets net	14,002,550	18,027,455	23,404,073	27,994,154

Group

Deferred tax liabilities/(assets):

	At 1 January 2020 N'000	(Credit)/ charge to P/L N'000	(Credit)/ charge to OCI N'000	At 31 December 2020 N'000
Property, plant and equipment	3,694,454	(5,119,743)	-	(1,425,289)
Provisions and other liabilities	(6,413,064)	(282,429)	-	(6,695,493)
Unutilised tax losses	(11,138,916)	9,525,737	-	(1,613,179)
Employment benefit obligation	101,530	-	-	101,530
Unrealised exchange differences	(4,271,458)	(98,661)	-	(4,370,119)
Total deferred tax (assets)/liabilities	(18,027,455)	4,024,905	-	(14,002,550)

Deferred tax liabilities/(assets):

	At 1 January 2019 N'000	(Credit)/ charge to P/L N'000	(Credit)/ charge to OCI N'000	Derecognition of discontinued operation N'000	At 31 December 2019 N'000
Property, plant and equipment	18,967,634	(5,307,371)	(24)	(9,965,785)	3,694,454
Provisions and other liabilities	(9,324,378)	150,339	311,424	2,449,551	(6,413,064)
Unutilised tax losses	(23,576,537)	5,197,120	(4,480)	7,244,981	(11,138,916)
Employment benefit obligation	167,220	-	30,659	(96,349)	101,530
Unrealised exchange differences	(4,753,859)	482,401	-	-	(4,271,458)
Total deferred tax (assets)/liabilities	(18,519,920)	522,489	337,578	(367,602)	(18,027,455)

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Company	At 1 January		(Credit)/ charge to P/L	(Credit)/ charge to OCI	31 December 2020
	Arising on 2020 business re- organisation				
	N'000	N'000	N'000	N'000	N'000
Deferred tax assets/(liabilities):					
Property, plant and equipment	(6,924,764)	-	(4,743,490)	-	(11,668,254)
Unutilised tax losses	(11,138,918)	-	9,525,737	-	(1,613,181)
Provisions and other liabilities	(5,659,317)	-	(203,575)	-	(5,862,892)
Unrealised exchange differences	(4,271,155)	-	11,409	-	(4,259,746)
Post employment benefit obligation	-	-	-	-	-
Total deferred tax (assets)/liabilities	(27,994,154)	-	4,590,081	-	(23,404,073)
Deferred tax liabilities/ (assets):					
	At 1 January	Arising on	(Credit)/	(Credit)/	31 December
	2019 business re-	organisation	charge to P/L	charge to OCI	2019
	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	(1,437,267)	(80,146)	(5,407,351)	-	(6,924,764)
Unutilised tax losses	(15,773,773)	(562,265)	5,197,120	-	(11,138,918)
Provisions and other liabilities	(5,781,347)	-	91,371	30,659	(5,659,317)
Unrealised exchange differences	(4,958,520)	-	687,365	-	(4,271,155)
Total deferred tax liabilities/(assets)	(27,950,907)	(642,411)	568,505	30,659	(27,994,154)

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 unutilised tax losses can be utilised. There are no unrecognised deferred tax assets.

14 Profit before minimum tax

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Profit before minimum tax is stated after charging/(crediting):	37,572,131	17,892,285	34,319,046	24,318,017
Depreciation of property, plant and equipment (Note 15)	28,526,416	29,497,370	26,132,270	27,160,431
Amortisation and impairment of intangible assets (Note 16)	1,262,858	33,409	982,546	14,608
Impairment of property, plant and equipment (Note 15)	1,193,025	389,911	1,193,026	389,911
Write off of assets (Note 11)	41,026	430,763	41,026	356,348
Directors, emoluments (Note 38.8)	117,320	344,315	117,320	344,315
Audit fees (Note 9)	100,000	127,500	85,000	107,500
Technical service fees (Note 9)	3,576,134	3,847,193	3,547,875	3,575,145
Gain on disposal of PPE (Note 10)	237,369	54,689	224,949	54,689
Foreign exchange loss/(gain) (Note 12)	888,922	(1,722,011)	604,661	(1,655,551)
Interest income on current account (Note 12.1)	766,445	1,070,952	690,051	789,010

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15 Property, plant and equipment

Group	Leasehold Land	Buildings	Production Plant	Capitalised Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Machinery	Exploration and evaluation assets	Construction Work in Progress	**Right of use assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost:												
As at 1 January 2019	7,806,458	116,606,085	408,390,560	6,385,843	7,638,956	4,300,196	1,071,519	1,495,699	-	35,608,523	26,431,729	615,735,568
Arising from deconsolidation of Subsidiary	-	(10,478,445)	(79,091,898)	687,796	(5,062,455)	47,770	545,838	-	-	369,882	-	(92,981,512)
Capital expenditure	-	-	620,648	-	-	-	-	-	-	21,685,967	-	22,306,615
Construction expenditure capitalised	-	979,521	4,149,977	-	159,283	156,201	-	-	1,959,013	(7,403,995)	-	-
Addition to right of use assets	-	-	-	-	-	-	-	-	-	-	4,277,267	4,277,267
Derecognition of right of use asset	-	-	-	-	-	-	-	-	-	-	(464,840)	(464,840)
Reclassification (to)/from inventories	-	-	(5,362,466)	(506,608)	-	-	-	-	-	-	-	(5,869,074)
Reclassification	7,147,303	(7,147,303)	-	-	-	-	-	-	-	-	-	-
Reclassification from advance payment to supplier	-	-	-	-	-	-	-	-	-	956,784	-	956,784
Reclassifications to intangibles	(87,372)	14,384,423	(8,413,627)	(3,226,527)	(1,431,828)	(294,777)	190,744	(1,495,699)	-	-	-	(374,663)
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	(52,477)	-	-	(149,221)	-	-	-	-	-	(201,698)
Effect of movements in exchange rates	-	(491,827)	(281,996)	-	-	-	(86,784)	-	-	(12,276)	-	(872,883)
As at 31 December 2019	14,866,389	113,852,454	319,958,721	3,340,504	1,303,956	4,060,169	1,721,317	-	1,959,013	51,204,885	30,244,156	542,511,564
Cost:												
As at 1 January 2020	14,866,389	113,852,454	319,958,721	3,340,504	1,303,956	4,060,169	1,721,317	-	1,959,013	51,204,885	30,244,156	542,511,564
Capital expenditure	-	-	-	-	-	-	-	-	-	8,969,756	-	8,969,756
Construction expenditure capitalised	-	2,284,621	13,815,445	65,225	171	425,301	229,799	-	-	(16,820,562)	-	-
Addition to right of use assets	-	-	-	-	-	-	-	-	-	-	3,353,747	3,353,747
Reclassification (to)/from inventories	-	-	-	(228,381)	-	-	-	-	-	-	-	(228,381)
Reclassification	-	-	(290,434)	(220,299)	-	218,217	-	-	-	72,217	-	(220,298)
Reclassification from advance payment to supplier	-	-	28,355	-	-	-	-	-	-	686,669	-	715,024
Impairment	-	-	(38,489)	-	-	-	-	-	-	(1,154,536)	-	(1,193,025)
Disposals	-	-	(416,014)	-	-	(629,852)	-	-	-	-	-	(1,045,866)
Write-offs	-	-	(43,569)	-	-	-	-	-	-	-	-	(43,569)
Modification of right of use assets	-	-	-	-	-	-	-	-	-	-	(4,060,771)	(4,060,771)
As at 31 December 2020	14,866,389	116,137,075	333,014,015	2,957,049	1,304,127	4,073,835	1,951,116	-	1,959,013	42,958,430	29,537,132	548,758,181
	Leasehold Land	Buildings	Production Plant	Capitalised Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Machinery	Exploration and evaluation assets	Construction Work in Progress	**Right of use assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Accumulated depreciation and impairment losses:												
As at 1 January 2019	4,297,793	24,185,593	140,467,013	2,468,849	4,053,039	2,226,120	436,305	481,208	-	16,199,155	-	194,815,075
Arising from deconsolidation of Subsidiary	(27,623)	(4,272,830)	(43,336,044)	(239,503)	(2,408,972)	(126,194)	466,703	-	-	(55,021)	-	(49,999,484)
Charge for the year	531,639	3,523,589	13,600,939	318,030	120,009	374,492	161,763	-	145,343	-	10,721,565	29,497,370
Reclassification	15,999	(15,999)	-	-	-	-	-	-	-	-	-	-
Reclassification (to)/from inventories	-	-	(1,072,493)	-	-	-	-	-	-	-	-	(1,072,493)
Reclassifications to intangibles	(139,544)	5,271,064	(3,957,408)	(1,334,264)	(764,589)	724,720	401,471	(481,208)	-	-	-	(279,758)
On disposals	-	-	(44,945)	-	-	(149,221)	-	-	-	-	-	(194,166)
Write-offs	-	(150,573)	(214,372)	-	-	-	(77,175)	-	-	-	-	(442,120)
Impairment loss	-	-	389,911	-	-	-	-	-	-	-	-	389,911
As at 31 December 2019	4,678,264	28,540,844	105,832,601	1,213,112	999,487	3,049,917	1,389,067	-	145,343	16,144,134	10,721,565	172,714,335

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Group (cont'd)	Leasehold Land	Buildings	Production Plant	Capitalised Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Machinery	Exploration and evaluation assets	Construction Work in Progress	**Right of use assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January 2020	4,678,264	28,540,844	105,832,601	1,213,112	999,487	3,049,917	1,389,067	-	145,343	16,144,134	10,721,565	172,714,335
Charge for the year	173,941	3,925,314	14,603,231	93,323	71,453	480,528	143,033	-	43,195	-	8,992,398	28,526,415
Reclassification (to)/from inventories	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	50,453	-	-	(50,453)	-	-	-	-	-	-
On disposals	-	-	(411,258)	-	-	(396,918)	-	-	-	-	-	(808,176)
Write-offs	-	-	(2,543)	-	-	-	-	-	-	-	-	(2,543)
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2020	4,852,205	32,466,158	120,072,484	1,306,435	1,070,940	3,083,074	1,532,100	-	188,538	16,144,134	19,713,963	200,430,031

Carrying amount

As at 31 December 2020	10,014,184	83,670,917	212,941,530	1,650,614	233,187	990,761	419,016	-	1,770,475	26,814,295	9,823,169	348,328,150
At 31 December 2019	10,188,125	85,311,610	214,126,120	2,127,392	304,469	1,010,252	332,250	-	1,813,670	35,060,751	19,522,592	369,797,229

**See note 15.7 for details on right of use assets

Company	Leasehold Land	Buildings	Production Plant	Capitalised Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Machinery	Exploration and evaluation assets	Construction Expenditure	**Right of use assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January 2019	7,806,457	79,645,333	295,720,019	5,174,558	1,823,110	3,660,902	1,187,649	779,986	-	18,733,750	26,414,705	440,946,469
Arising on business re-organisation	-	699,029	2,296,451	99,871	281,949	-	35,604	-	-	114,348	-	3,527,252
Capital expenditure	-	-	620,648	-	-	-	-	-	-	15,157,290	-	15,777,938
Construction expenditure capitalised	-	979,522	3,443,491	-	80,346	156,202	-	-	-	(4,659,561)	-	-
Addition to right of use assets	-	-	-	-	-	-	-	-	-	-	4,280,293	4,280,293
Disposals	-	-	(52,477)	-	-	(149,221)	-	-	-	-	(201,698)	(201,698)
Derecognition of right of use asset	-	-	-	-	-	-	-	-	-	-	(467,866)	(467,866)
Reclassification	-	-	(104,340)	-	-	104,340	-	-	-	-	-	-
Reclassification (to)/from inventories	-	-	(5,362,466)	384,507	-	-	-	-	-	-	-	(4,977,959)
Reclassification to intangibles	(87,373)	14,384,423	(9,129,339)	(3,226,527)	(1,431,827)	(294,777)	190,744	(779,986)	-	-	-	(374,661)
Reclassification from advance payment to supplier	-	-	-	-	-	-	-	-	-	956,784	-	956,784
Write-offs	-	(491,827)	(81,975)	-	-	-	(86,784)	-	-	-	-	(660,586)
As at 31 December 2019	7,719,084	95,216,480	287,350,011	2,432,409	753,578	3,477,446	1,327,213	-	-	30,302,611	30,227,132	458,805,966
Cost:												
As at 1 January 2020	7,719,084	95,216,480	287,350,011	2,432,409	753,578	3,477,446	1,327,213	-	-	30,302,611	30,227,132	458,805,966
Capital expenditure	-	-	-	-	-	-	-	-	-	6,619,660	-	6,619,660
Construction expenditure capitalised	-	2,204,621	13,404,050	-	171	250,238	229,799	-	-	(16,088,879)	-	-
Addition to right of use assets	-	-	-	-	-	-	-	-	-	-	3,353,747	3,353,747
Disposal	-	-	(288,209)	-	-	(629,851)	-	-	-	-	-	(918,060)
Reclassification	-	-	(260,409)	-	-	188,192	-	-	-	72,217	-	-
Reclassification (to)/from inventories	-	-	-	(228,381)	-	-	-	-	-	-	-	(228,381)
Impairment	-	-	(38,489)	-	-	-	-	-	-	(1,154,536)	-	(1,193,026)
Reclassification from advance payment to supplier	-	-	25,556	-	-	-	-	-	-	686,669	-	712,225
Intercompany Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	(43,569)	-	-	-	-	-	-	-	-	(43,569)
Modification of right of use assets	-	-	-	-	-	-	-	-	-	-	(4,060,771)	(4,060,771)
As at 31 December 2020	7,719,084	97,421,101	300,148,941	2,204,028	753,749	3,286,025	1,557,012	-	-	20,437,742	29,520,108	463,047,792

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Company (Contd.)	Leasehold Land	Buildings	Production Plant	Capitalised Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Machinery	Exploration and evaluation assets	Construction Expenditure	**Right of use assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Accumulated depreciation and impairment losses:												
As at 1 January 2019	4,270,170	14,972,363	85,143,673	2,196,631	1,095,756	1,631,526	541,999	509,644	-	12,394,270	-	122,756,032
Arising on business re-organisation	-	207,079.00	1,211,940.00	-	258,850.30	-	21,602.00	-	-	-	-	1,699,471
Charge for the year	531,639	2,761,513	12,384,293	231,560	44,639	338,697	161,763	-	-	-	10,706,327	27,160,431
Impairment loss	-	-	389,911	-	-	-	-	-	-	-	-	389,911
Disposals	-	-	(44,945)	-	-	(149,221)	-	-	-	-	-	(194,166)
Reclassification	-	-	(25,300)	-	-	25,300	-	-	-	-	-	-
Reclassification to inventories	-	-	(1,072,487)	-	-	-	-	-	-	-	-	(1,072,487)
Reclassifications to intangibles	(139,544)	5,271,064	(3,928,972)	(1,334,264)	(764,589)	724,720	401,471	(509,644)	-	-	-	(279,758)
Write-offs	-	(150,573)	(76,490)	-	-	-	(77,175)	-	-	-	-	(304,238)
As at 31 December 2019	4,662,265	23,061,446	93,981,623	1,093,927	634,656	2,571,022	1,049,660	-	-	12,394,270	10,706,327	150,155,196
As at 1 January 2020	4,662,265	23,061,446	93,981,623	1,093,927	634,656	2,571,022	1,049,660	-	-	12,394,270	10,706,327	150,155,196
Arising on business re-organisation	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	173,941	3,174,135	13,245,721	-	20,788	407,603	119,470	-	-	-	8,990,612	26,132,270
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(287,429)	-	-	(396,918)	-	-	-	-	-	(684,347)
Reclassification	-	-	50,453	-	-	(50,453)	-	-	-	-	-	-
Reclassification to inventories	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	(2,543)	-	-	-	-	-	-	-	-	(2,543)
As at 31 December 2020	4,836,206	26,235,581	106,987,825	1,093,927	655,444	2,531,254	1,169,130	-	-	12,394,270	19,696,939	175,600,576
Carrying amount												
As at 31 December 2020	2,882,878	71,185,520	193,161,116	1,110,101	98,305	754,771	387,882	-	-	8,043,472	9,823,169	287,447,215
At 31 December 2019	3,056,819	72,155,034	193,368,388	1,338,482	118,922	906,424	277,553	-	-	17,908,341	19,520,805	308,650,770

**See note 15.7 for details on right of use assets.

15.1 Reconciliation of acquisition of property, plant and equipment in the statements of cash flows:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Acquisition of property, plant and equipment	8,969,756	22,306,615	6,619,660	15,777,938
Addition to right of use assets	966,090	-	966,090	-
Property, plant and equipment paid in the statement of cash flows	9,935,846	22,306,615	7,585,750	15,777,938

15.2 Impairment of property, plant and equipment

Management has recognised an impairment loss of N1.2 Billion to reflect the recoverable value of two of its capital project (2019: N389m).

15.3 Assets pledged as security

The Group has no assets pledged as security as at 31 December 2020 (2019: Nil)

15.4 Construction work in progress and Capital commitments

Construction work in progress are the Group's projects on maintaining and developing plants and the office structure. For capital commitments, refer to Note 36.

15.5 Capitalised borrowing costs

Capitalised borrowing costs during the year amounted to ₦221 million (2019:₦638.6 million), calculated using a capitalisation rate of 5%.

15.6 Depreciation

Depreciation for the year, including that charged on Right of Use Assets, has been charged as follows:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Cost of sales (Note 7)	27,350,037	27,932,666	25,323,726	25,801,214
Administrative expenses (Note 9)	1,176,379	1,564,704	808,544	1,359,217
	28,526,415	29,497,370	26,132,270	27,160,431

**15.7 Right of Use Assets
GROUP**

	Leasehold Land N'000	Buildings N'000	Production Plant N'000	Motor Vehicles N'000	Total N'000
Cost:					
As at 1 January 2020	112,441	1,413,218	1,330,227	27,388,270	30,244,156
Additions**	18,500	655,288	851,878	1,828,081	3,353,747
Modification of leases				(4,060,771)	(4,060,771)
As at 31 December 2020	130,941	2,068,506	2,182,105	25,155,580	29,537,132
Accumulated depreciation:					
As at 1 January 2020	23,223	740,413	1,274,247	8,683,682	10,721,565
Depreciation charge	24,937	565,245	883,548	7,518,668	8,992,398
As at 31 December 2020	48,160	1,305,658	2,157,795	16,202,350	19,713,963
Carrying amount					
As at 31 December 2020	82,781	762,848	24,310	8,953,230	9,823,169
As at 1 January 2020	89,218	672,805	55,980	18,704,588	19,522,592
Company					
	Leasehold Land N'000	Buildings N'000	Production Plant N'000	Motor Vehicles N'000	Total N'000
Cost:					
As at 1 January 2020	112,441	1,396,194	1,330,227	27,388,270	30,227,132
Additions**	18,500	655,288	851,878	1,828,081	3,353,747
Modification of leases				(4,060,771)	(4,060,771)
As at 31 December 2020	130,941	2,051,482	2,182,105	25,155,580	29,520,108
Accumulated depreciation:					
As at 1 January 2020	23,223	725,175	1,274,247	8,683,682	10,706,327
Depreciation charge	24,937	563,459	883,548	7,518,668	8,990,612
As at 31 December 2020	48,160	1,288,634	2,157,795	16,202,350	19,696,939
Carrying amount					
As at 31 December 2020	82,781	762,848	24,310	8,953,230	9,823,169
As at 1 January 2020	89,218	671,019	55,980	18,704,588	19,520,805

The Group and Company lease several assets, including cement depots, residential apartments, and trucks. The average lease term of the contracts is 5 years.

**Additions relate to the renewal of existing lease contracts during the year with an option of renewal which management has exercised.

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16 Intangible assets

	Group		
	Intangible Assets	Work in progress	Total
	N'000	N'000	N'000
Cost			
Balance at 1 January 2019	5,895,065	3,114,037	9,009,102
Arising from deconsolidation of discontinued operation	(5,091,287)	-	(5,091,287)
Reclassification from PPE	374,662	-	374,662
Software expenditure capitalised	3,114,037	(3,114,037)	-
Additions	531,386	-	531,386
Balance at 31 December 2019	4,823,863	-	4,823,863
Balance at 1 January 2020	4,823,863	-	4,823,863
Balance at 31 December 2020	4,823,863	-	4,823,863
Accumulated Amortisation			
Balance at 1 January 2019	2,814,584	-	2,814,584
Arising from deconsolidation of discontinued operation	(2,144,807)	-	(2,144,807)
Reclassification from PPE	279,758	-	279,758
Charge for the year	672,260	-	672,260
Balance at 31 December 2019	1,621,795	-	1,621,795
Balance at 1 January 2020	1,621,795	-	1,621,795
Charge for the year	1,262,858	-	1,262,858
Balance at 31 December 2020	2,884,653	-	2,884,653
Carrying amount			
At 31 December 2020	1,939,210	-	1,939,210
At 31 December 2019	3,202,068	-	3,202,068
	Company		
	Intangible Assets	Work in progress	Total
	N'000	N'000	N'000
Cost			
Balance at 1 January 2019	92,748	3,114,037	3,206,785
Arising on business re-organisation	23,601	-	23,601
Additions	531,386	-	531,386
Reclassification	374,662	-	374,662
Construction expenditure capitalised	3,114,037	(3,114,037)	-
Intercompany transfer	(812,534)	-	(812,534)
Balance at 31 December 2019	3,323,900	-	3,323,900
Balance at 1 January 2020	3,323,900	-	3,323,900
Balance at 31 December 2020	3,323,900	-	3,323,900
Accumulated Amortisation			
Balance at 1 January 2019	2,280	-	2,280
Arising on business re-organisation	17,016	-	17,016
Reclassification from PPE	279,758	-	279,758
Charge for the year	518,036	-	518,036
Balance at 31 December 2019	817,090	-	817,090
Balance at 1 January 2020	817,090	-	817,090
Charge for the year	982,546	-	982,546
Balance at 31 December 2020	1,799,636	-	1,799,636
Carrying amount			
At 31 December 2020	1,524,264	-	1,524,264
At 31 December 2019	2,506,810	-	2,506,810

Intangible assets represents mineral rights and computer software in the Group's operations.

16.1 Amortisation of intangible assets

Amortisation for the year has been charged as follows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Cost of sales (Note 7)	33,409	33,409	33,409	14,608
Administrative expenses (Note 9)	1,229,449	638,851	949,137	503,428
	1,262,858	672,260	982,546	518,036

17 Interests in other entities

17.1 Investments in subsidiaries

The Group's principal subsidiaries at 31 December 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The place of incorporation is also their principal place of business.

31 December 2020

Name of entity	Principal activities	Place of Incorporation	Proportion	Cost
			%	N'000
Ashaka Cement Limited	Cement	Nigeria	100	63,896,867
Wapsila Nigeria Limited	Power Generation and Sale	Nigeria	100	10,000
				63,906,867

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31 December 2019

Name of entity	Principal Activities	Place of Incorporation	Proportion %	Cost N'000
Ashaka Cement Limited	Cement	Nigeria	100	63,896,867
Wapsila Nigeria Limited	Power Generation and sale	Nigeria	100	10,000
				63,906,867

17.2 Discontinued operation

On the 24th of May 2019, the Group announced its intention to dispose of the Company's investment in Lafarge South Africa Holdings (LSAH) via a sale of total equity interest held by the Company in LSAH to Caricement B.V, a related party within the Lafarge Holcim Group.

On the 31st of July 2019, the Company completed the sale of its investment, subsequent to the shareholders' approval at the annual general meeting. The investment was sold at US\$317,000,000, which was utilized to settle the intercompany outstanding loan, principal (US\$ 293,000,000) and accrued interest to 31st July, 2019 (US\$23,289,060.55). In the prior year, the subsidiary was reported as a discontinued operation. Financial information relating to the discontinued operation in 2019 at the date of disposal is set out below:

17.2.1 Statements of Profit or Loss

	7 months ended '31 July 2019 N'000
Lafarge South Africa Holdings (PTY) Limited	
Revenue	51,145,309
Cost of sales	(51,069,152)
Gross Profit	76,157
Selling and marketing expenses	(1,153,306)
Administrative expenses	(6,612,792)
Other operating expenses	(346,928)
Operating loss	(8,036,869)
Finance income	283,607
Finance costs	(1,094,399)
Share of loss from associates	(27,430)
Loss before tax	(8,875,091)
Taxation	(609,670)
Results from operating activities, net of tax	(9,484,761)
Other comprehensive income	
Remeasurement gain of defined benefit obligation, net of tax	102,139
Results from operating activities and other comprehensive income, net of tax	(9,382,622)
Gain on sale of discontinued operation	108,969,188
Profit from discontinued operation net of tax	99,586,566

17.2.2 Lafarge South Africa Holdings (PTY) Limited

The following table summarises the effect of the disposal on the financial statements of the Group in prior year:

	31 Jul 2019 N'000
ASSETS	
Non-current assets	
Property, plant and equipment	47,907,489
Intangible assets	2,747,292
Other financial assets	735,641
Other assets	459,063
Inventories	10,460,483
Trade and other receivables	15,786,842
Current tax asset	631,095
Cash and cash equivalents	5,727,616
Total assets	84,455,521
LIABILITIES	
Loans and borrowings	28,885,252
Deferred tax liabilities	100,005
Provisions	2,226,887
Employee benefit obligations	3,078,895
Trade and other payables	29,616,712
Current tax liabilities	317,263
Bank overdraft	25,058,400
Total liabilities	89,283,414
Net assets/ (liabilities)	(4,827,893)

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17.2.3 Gain on disposal of investment in subsidiary (Group) in prior year

	USD'000	Rate	31 Dec 2019 N'000
Proceeds from disposal	317,000,000	361	114,348,240
Transaction cost on disposal			(219,485)
			114,128,755
Less:			
Net liability of LSAH at disposal			4,827,893
Non-controlling interest derecognised			(305,322)
Cumulative exchange differences in respect of the net assets/liabilities of the subsidiary reclassified from equity on loss of control of subsidiary			(9,682,138)
Gain on disposal			108,969,188

17.2.4 Loss on disposal of investment in subsidiary (Company) in prior year

	31 Dec 2020 N'000	31 Dec 2019 N'000
Proceeds from disposal	-	114,348,240
Transaction cost on disposal	-	(219,485)
Net consideration	-	114,128,755
Less carrying value of investment disposed	-	(114,966,665)
Loss on disposal of investment subsidiary	-	(837,910)

17.2.5 Proceeds from disposal of subsidiary in prior year

	N'000	31 Dec 2019 N'000
Non cash effective (financial liabilities settlement-note 30.5):		
Principal repaid	105,690,960	
Interest repaid	8,399,478	
	114,090,438	114,090,438
Cash paid	257,802	
Transaction cost of disposal	(219,485)	
Disposal of discontinued operation, net of cash disposed	38,317	38,317
Net consideration		114,128,755

17.2.6 Cash flows from/ (used) in discontinued operation

	7 months ended 31 July 2019 N'000
Lafarge South Africa Holdings (PTY) Limited	
Net cash flow used in operating activities	(370,603)
Net cash flows used in investing activities	(1,567,499)
Net cash inflow (used in)/generated from financing activities	(899,938)
Net cash flows for the year	(2,838,040)
Net foreign exchange effect on cash & cash equivalents	34,350
Cash and cash equivalents at 1 January 2018	(16,527,094)
Cash and cash equivalents at disposal	(19,330,784)

17.2.7 Movement in Investment in LSAH

	Company 31 Dec 2019 N'000
Opening balance	114,966,665
Disposal	(114,966,665)
Net investment in LSAH	-

17.2.8 Investment in joint venture - Continental Blue Investment, Ghana

The Group has a 35% interest in Continental Blue Investment (CBI), a company involved in development, financing and operation of a cement grinding plant in Ghana. Accordingly, the Group has classified its interest in CBI as a joint venture, in accordance with the agreement under which CBI was established. The Group and Company's interest in CBI is accounted for using the equity method in the consolidated and separate financial statements.

As at 31 December 2020, the carrying amount of the Company's investment in Continental Blue Investment (CBI) was N379.4 billion, this has been adjusted by the share of profit in 2020 after recognising prior years accumulated losses. Information on the aggregate amount of the Company's share of the joint venture's profit or loss and other comprehensive income is set out below:

Summarised statement of financial position of Continental Blue Investment, Ghana:

	31 Dec 2020 N'000	31 Dec 2019 N'000
Current assets (including cash and cash equivalents and prepayments)	5,254,097	2,989,673
Non current assets	19,480,479	15,901,677
Current liabilities, including tax payable	(6,384,657)	(5,881,266)
Non-current liabilities	(17,265,827)	(14,083,265)
Net assets/(liabilities) (100%)	1,084,092	(1,073,181)
Group's carrying amount of the investment / share of net liabilities (35%)	379,432	(375,613)

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Summarised statement of comprehensive income of Continental Blue Investment, Ghana:

	31 Dec 2020 N'000	31 Dec 2019* N'000
Revenue	20,977,938	13,305,397
Cost of sales	(14,280,179)	(10,568,230)
Other operating income	188,689	88,948
Operating expenses	(4,556,601)	(3,108,952)
Loss before tax	2,329,847	(282,837)
Income tax expense	-	-
Profit for the year	2,329,847	(282,837)
Other comprehensive (loss)/income, net of tax		
Exchange differences on translation (100%)	(153,468)	165,987
Other comprehensive (loss)/income, net of tax (100%)	(153,468)	165,987
Total comprehensive income/(loss) (100%)	2,176,379	(116,850)
Share of Profit/(loss) for the year (35%)	815,446	(98,993)
Share of other comprehensive (loss)/income, net of tax for the year (35%)	(53,714)	58,095
Total comprehensive income/(loss) (35%)	761,732	(40,898)
Company's share of Profit/(loss)	815,446	(98,993)
Company's recognised share of loss	(382,300)	-
Company's recognised share of profit/(loss)	433,146	(98,993)

* In 2019, the Company did not recognise share of losses for the period that exceeds its carrying amount on the investment.

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
18 Other financial assets				
Non-current:				
Other financial assets (Note 18.1)	964,796	767,253	964,796	767,253
	964,796	767,253	964,796	767,253

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Current:				
Other financial assets (Note 18.2)	1,731,432	1,005,200	1,729,090	1,001,586
	2,696,228	1,772,453	2,693,886	1,768,839

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
18.1 Other financial assets - Non current				
Loan to CBI Ghana (Note 18.1.1)	964,796	767,253	964,796	767,253
	964,796	767,253	964,796	767,253

18.1.1 Loan to CBI Ghana

Included in loan receivable from CBI Ghana is a USD 3.85m loan granted to Continental Blue Investment Ltd in two tranches in October, 2016 and December 2016 respectively for the development of its cement grinding plant and related activities. The loan was given at an interest rate of LIBOR 12Months + 11% (per annum) and is expected to be repaid within a period of seven years and eight years respectively with a moratorium period of two years from draw down date on October 6, 2016 and December 28, 2016 respectively. The loan has been converted into Naira at the prevailing market exchange rate as at the reporting period. The non-current portion of the loan, including interest, is valued at ₦965 million (2019: ₦767 million) for non-current portion and ₦1.7 billion (2019: ₦995 million) for current portion. The interest is repaid monthly.

18.2 Other financial assets - Current

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Short term receivables	64,738	9,946	62,396	6,332
Loan to CBI Ghana (Note 18.1.1)	1,666,694	995,254	1,666,694	995,254
	1,731,432	1,005,200	1,729,090	1,001,586

19 Derivative assets

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Derivative assets	18,905	-	-	-
	18,905	-	-	-

The Group's derivative financial instruments arose from Non-deliverable foreign exchange forward (NDF) contract with commercial bank that was yet to mature as at reporting date.

The Group's derivative asset and liability represents the fair value change on Non-Deliverable Forward (NDF) contract with the intention of hedging against exchange rate volatility of capital expenditure.

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The full fair value of a derivative is classified as a current asset since the remaining maturity of the derivative is less than 12 months.

The fair value of the futures and forward contracts have been determined using market-related input as follows:

* Exchange rate of ₦397.81/ USD.

* Discount rate of 24%.

* The value of the forward is the discounted value of the cash flow to be obtained using the difference between the strike price and the estimated foreign exchange rate at maturity date

20 Other assets

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Non current	29,127,048	20,345,783	28,657,973	18,772,032
Current	11,916,440	6,302,759	8,846,892	4,958,939
	41,043,488	26,648,542	37,504,865	23,730,971
Advance payment to suppliers	5,158,795	2,519,214	3,208,943	1,283,647
Prepayment for Gas (Note 20.1)	28,657,973	17,639,060	28,657,973	17,639,060
Prepaid rent	88,955	63,198	88,955	43,198
Prepaid insurance	852,775	1,162,469	783,402	1,074,217
Advance payment to transporters	3,686,266	1,963,345	3,686,266	1,963,345
Advance payment of taxes and levies (Note 9.1)	936,677	936,677	936,677	936,677
Letters of credit	1,519,398	1,573,752	-	-
Deposit for imports	142,649	790,827	142,649	790,827
	41,043,488	26,648,542	37,504,865	23,730,971

20.1 Prepayment for Gas

The Company has a contract with a vendor for gas supply which has a take or pay clause. The prepayment for gas relates to payment made for unutilised gas as at end of the year. The contract is for a period of 25 years from 2012 to 2037 and the Company is entitled to utilise the amount prepaid anytime within the contract period with an extension of 2 years after the expiration of the contract. The Company finalized the contract re-negotiations with the vendor in November 2020 with an effective date of 1 January 2020. The key changes in the new contract are aimed at further ensuring the prepaid gas balance is fully utilised within the contract period.

The Company has performed an assessment to determine whether the prepaid gas asset is recoverable since the amount has continued to increase over the years and has shown a significant increase in the current year due to additional payments made in line with the terms of the re-negotiated contract. This assessment involved a determination of future gas utilization based on assumptions such as future production volumes, forecasted growth rates and utilisation levels as well as the ability of the vendor to fulfill its obligations under the terms of the contract. Based on the assessment performed, including sensitivity analysis around the key judgments and assumptions, the Company expects to fully recover the prepaid gas asset balance within the contract term.

21 Inventories

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Raw materials	2,493,167	2,714,880	2,191,227	2,388,786
Work in progress	752,973	972,066	597,285	772,387
Finished goods	10,342,883	9,645,799	6,708,841	7,047,596
Spare parts	12,913,795	14,062,246	10,574,637	11,715,257
Other supplies (Note 21.1)	4,549,778	5,045,779	2,394,625	3,755,495
	31,052,596	32,440,770	22,466,615	25,679,521

The cost of inventories recognised as an expense during the year and included in 'cost of sales' was ₦32.7 billion (2019: ₦44.2 billion) and ₦25.8 billion (2019: ₦37.1 billion) for the Group and Company respectively.

Inventory write down recognised during the year was ₦ 380.5 million (2019: ₦1.5 billion) and ₦370.9 million (2019: ₦962.8 million) for the Group and Company respectively.

Inventory write off recognised during the year was ₦1.9 billion (2019: ₦418.2 million) and ₦1.8 billion (2019: ₦418.2 million) for the Group and Company respectively.

The Company employs the services of the following external valuation specialists for the measurement and valuation of inventories; Landata Nigeria Limited; Geofourier Systems Limited; Royal Project International.

21.1 Other supplies

Other supplies consists of safety equipment, packaging materials, traditional fuel and production materials.

22 Trade and other receivables

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Trade receivables:				
Third party sales	2,107,502	2,494,787	1,997,477	2,373,676
Related party sales (Note 38.4)	242,224	-	2,710,063	642,597
	2,349,726	2,494,787	4,707,540	3,016,273
Impairment on trade receivables (Note 22.3)	(254,892)	(275,494)	(244,970)	(264,284)
Net trade receivables	2,094,834	2,219,293	4,462,570	2,751,989
Other receivables	2,675,215	5,752,292	2,718,960	5,690,738
Due from related parties (Note 38.5)	258,864	221,465	19,074,254	12,009,959
	2,934,079	5,973,757	21,793,214	17,700,697
Net other receivables	2,934,079	5,973,757	21,793,214	17,700,697
Total trade and other receivables	5,028,913	8,193,050	26,255,784	20,452,686

The Group and Company's exposure to credit and foreign exchange risks related to trade and other receivables are disclosed in Note 4.

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22.1 Analysis of other receivables

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Other current receivables	2,595,849	5,717,708	2,642,262	5,656,154
Staff advances	79,366	34,584	76,697	34,584
	2,675,215	5,752,292	2,718,960	5,690,738

See Note 4.1.1 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

22.2 Other current receivables

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
WHT receivable	949,009	915,271	949,009	909,418
VAT receivable	226	-	-	-
Short term receivables	1,725,980	4,802,437	1,693,253	4,746,736
	2,595,849	5,717,708	2,642,262	5,656,154

22.3 Movement in impairment allowance on trade receivables

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
At 1 January	275,494	764,220	264,284	149,573
Arising from deconsolidation of discontinued operation	-	(406,504)	-	-
Arising on business re-organisation	-	-	-	205,251
Impairment loss written back**	(20,602)	(82,222)	(19,314)	(90,540)
At 31 December	254,892	275,494	244,970	264,284

**Impairment loss written back relate to recoveries made during the year.

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
23 Cash and cash equivalents				
Restricted cash (Note 23.1)	1,266,294	1,375,834	1,266,294	1,375,834
Cash in hand and at bank (Note 23.2)	52,056,686	25,728,108	38,483,421	24,015,201
Cash and cash equivalents in the statement of financial position	53,322,980	27,103,942	39,749,715	25,391,035

23.1 Restricted cash

As at year end, cash and cash equivalents included restricted cash, which represents unclaimed dividend amounting to ₦1.26 billion (2019: ₦1.38 billion)

The Group and Company's exposure to credit risk, interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 4.

23.2 Cash and cash equivalents in the statement of cash flows

For the purpose of the cash flow statement, cash and cash equivalents comprises:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Cash in hand and at bank	52,056,686	25,728,108	38,483,421	24,015,201
Less: bank overdrafts	-	(27,552)	-	(27,552)
Cash and cash equivalents in the statement of cash flows	52,056,686	25,700,556	38,483,421	23,987,649

Share capital and Share premium

24 Share capital

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Authorised:				
20,000,000,000 ordinary shares of 50k each (2019: 20,000,000,000 ordinary shares of 50k each)	10,000,000	10,000,000	10,000,000	10,000,000

Issued and fully paid

Ordinary shares of 50k each

	No of shares '000		Share capital N'000	
At 1 January 2020		16,107,796		8,053,899
Issued during the year		-		-
At 31 December 2020		16,107,796		8,053,899
At 1 January 2019		8,673,429		4,336,715
Issued during the year		7,434,367		3,717,184
At 31 December 2019		16,107,796		8,053,899

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25 Share premium

	No of shares N'000	Share premium N'000
At 1 January 2020	16,107,796	435,148,731
Issued during the year	-	-
Right issue costs	-	-
At 31 December 2020	16,107,796	435,148,731
At 1 January 2019	8,673,429	350,945,748
Issued during the year	7,434,367	85,495,223
Right issue costs	-	(1,292,240)
At 31 December 2019	16,107,796	435,148,731

26 Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Profit attributable to equity holders of the Company from continuing & discontinued operation	30,842,138	115,104,352	28,714,884	22,721,616
Profit attributable to equity holders of the Company from continuing operation	30,788,424	15,452,638	28,661,170	22,656,468
Weighted average number of ordinary shares in issue (Basic)	16,107,796	16,107,796	16,107,796	16,107,796
Weighted average number of ordinary shares in issue (diluted)	16,107,796	16,107,796	16,107,796	16,107,796
Continuing operations & discontinued operation:				
Basic earnings per share (Kobo)	191	715	178	141
Diluted earnings per share (Kobo)	191	715	178	141
Continuing operations:				
Basic earnings per share (Kobo)	191	96	178	141
Diluted earnings per share (Kobo)	191	96	178	141

27 Rights Issue

On December 4, 2018 the Company launched a Rights Issue to raise ₦89.2 billion by way of issue of 7,434,367,256 Ordinary Shares of 0.50 Kobo each at ₦12.00 per share on the basis of six (6) new Ordinary shares for every seven (7) existing Ordinary Shares held by qualified shareholders. At the conclusion of the offer in 2019, the Rights Issue was 100% subscribed and the Board of Directors on 15th February, 2019 passed a resolution to approve the basis of allotment.

27.1 Reconciliation of Cash Received from rights issue

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Cash received into offer proceed account	-	-	-	-
Cash transferred from offer proceed account	-	89,212,408	-	89,212,408
	-	89,212,408	-	89,212,408
2019 Right issue costs paid in 2019	-	(589,856)	-	(589,856)
Net cash payments for rights issue	-	(1,555,428)	-	(1,555,428)

28 Foreign currency translation reserve

This represents exchange differences arising from the translation of joint venture operation from Continental Blue Investment Ghana to the Group's reporting currency which is Naira.

29 The other reserves arising on business combination and re-organisation is used to recognise the adjustments arising from business combination/re-organisation for entities under common control, when the pooling of interest method has been used.

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30 Loans and borrowings

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Non-current	5,139,600	52,664,863	2,774,394	45,899,963
Current	44,593,230	11,520,252	44,458,963	14,666,562
Total loans and borrowings	49,732,830	64,185,115	47,233,357	60,566,525
Split into:				
Power fund (Note 30.1)	5,341,967	12,373,343	2,381,928	4,181,322
Bond (Note 30.2)	34,083,978	33,849,197	34,083,978	33,849,198
Lease liabilities (Note 30.4)	7,868,846	17,358,549	7,859,810	17,349,567
Bank Loans (Note 30.3)	2,438,039	604,026	2,103,913	604,025
Related party loan (Note 30.6)	-	-	803,728	4,582,413
Total loans and borrowings	49,732,830	64,185,115	47,233,357	60,566,525

30.1 Power Fund: Lafarge Africa Plc accessed ₦12.5 billion from the CBN/BOI Power and Aviation Intervention Fund through Guaranty Trust Bank Plc (GTB). Principal and Interest are paid quarterly. Principal repayment commenced in October 2012. The facility has a 10-year tenure with a fixed interest rate of 7% per annum and an effective interest rate of 8.7% per annum. The outstanding balance disclosed in the Company's books amounts to ₦1 billion, which is the amortised cost to date.

Lafarge Africa Plc also accessed ₦5.3 billion from the CBN/BOI Power and Aviation Intervention Fund through Guaranty Trust Bank Plc (GTB). Principal and Interest are paid quarterly. The facility has a 10-year tenure with a fixed interest rate of 4% per annum and an effective interest rate of 15.23% per annum. The outstanding balance disclosed in the Company's books amounts to ₦1.3 billion, which is the amortised cost to date.

The Group also assessed an additional ₦6.4 billion from the CBN/BOI intervention fund in 2018 through Zenith Bank. The loan assessed amounted to ₦6.4 billion. Principal repayment commenced in December 2019. The facility has a 7.5-years tenure and an interest rate of 5% per annum. The outstanding balance, at amortised cost, amounts to ₦2.9 billion.

30.2 Bond: By a resolution dated 17th March 2016, the Board of Directors resolved to raise the sum of ₦60 billion in two tranches of ₦26.38 billion and ₦33.61 billion at interest rates, of 14.25% and 14.75% per annum respectively, with matured date in 2019 and 2021 respectively. The effective interest rates are 14.69% and 14.93% respectively. Interest is paid bi-annually and principal is repaid at end of the tenor. The first tranche of bond was paid in 2019.

30.3 Bank Loans: These represent letters of credit facility lines obtained from financial institutions. Interest rate ranges from 16.53% - 17.01% p.a and the loans are payable within one year.

30.4 Lease liabilities

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Maturity analysis				
Less than 1 year	5,571,028	7,480,626	5,561,992	7,471,645
Between one and two years	1,990,081	8,218,969	1,990,081	8,218,969
Between two and five years	153,805	1,492,672	153,805	1,492,672
Five years and above	153,932	166,281	153,932	166,281
	7,868,846	17,358,549	7,859,810	17,349,567
Analysed as				
Non current	2,297,818	9,877,922	2,297,818	9,877,922
Current	5,571,028	7,480,626	5,561,992	7,471,645
Total loans and borrowings	7,868,846	17,358,549	7,859,810	17,349,567

30.5 Movement in loans and borrowings

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
At 1 January	64,185,115	266,207,059	60,566,525	250,077,462
Arising from deconsolidation of discontinued operation	-	(24,124,904)	-	-
Lease liabilities at January 1, 2020	-	22,629,674	-	22,614,117
Additions:				
Finance lease	2,387,657	4,164,695	2,387,657	4,164,695
Loan received	1,834,067	5,358,703	1,499,886	2,500,000
	68,406,839	274,235,227	64,454,068	279,356,274
Interest expensed (Note 12.2)	7,859,989	18,125,050	8,418,695	18,981,016
Interest paid on borrowing	(5,117,850)	(9,104,955)	(5,252,701)	(9,104,955)
Interest paid on leases	(1,991,166)	(3,242,545)	(1,991,166)	(3,242,545)
Interest paid- non cash	-	(8,399,478)	-	(8,399,478)
Principal repaid	(7,759,060)	(92,301,404)	(6,403,645)	(101,903,582)
Repayment of lease liabilities	(7,488,596)	(9,435,820)	(7,488,596)	(9,429,245)
Principal repaid-non cash	-	(105,690,960)	-	(105,690,960)
Impact of modification of leases	(4,503,298)	-	(4,503,298)	-
Impact of loan restructuring	325,972	-	-	-
At 31 December	49,732,830	64,185,115	47,233,357	60,566,525
Less than one year	44,593,230	11,291,367	44,458,963	13,507,352
Between one and two years	2,860,756	46,331,563	1,584,558	44,098,613
Between two to five years	2,124,912	5,936,684	1,035,905	2,789,604
After five years	153,932	625,501	153,932	170,956
	49,732,830	64,185,115	47,233,357	60,566,525

30.6 Related Party loans: The balance recorded represents the accrued interest on the loan from AshakaCem Ltd to Lafarge Africa Plc which the principal was settled in March 2019.

31 Provisions

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Non current (Note 31.1)	1,510,577	1,011,285	817,124	547,403
Current (Note 31.2)	2,644,965	677,349	2,405,497	604,451
	4,155,542	1,688,634	3,222,621	1,151,854

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31.1 Non current	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Site restoration cost				
At 1 January	1,011,285	3,645,751	547,403	618,970
Arising on business re-organisation	-	-	-	57,061
Arising from deconsolidation of discontinued operation		(2,588,713)		
Provision made during the year	820,447	576,103	448,605	296,368
Utilised	(387,791)	(769,940)	(245,520)	(513,481)
Unwinding of discount (Note 12.2)	66,636	148,084	66,636	88,485
At 31 December	1,510,577	1,011,285	817,124	547,403

The provision for site restoration represents an estimate of the costs involved in restoring production sites at the end of the expected life of the quarries. The provision is an estimate based on reclamation closure expert valuation and management's re-assessment. The cost would be unwound for a period of 5-15 years for the Group and Company. The long term inflation and discount rates used in the estimate for Nigerian entities was 10% (2019: 11.6%).

31.2 Current	Group	Productivity bonus	Total
		N'000	N'000
At 1 January 2019		1,281,247	1,281,247
Arising from deconsolidation of discontinued operation		(97,267)	(97,267)
Reclassification		(130,673)	(130,673)
Provision made during the year		915,835	915,835
Payment in the year		(1,291,793)	(1,291,793)
At 31 December 2019		677,349	677,349
At 1 January 2020		677,349	677,349
Arising from deconsolidation of discontinued operation		-	-
Provision made during the year		2,739,977	2,739,977
Payment in the year		(772,361)	(772,361)
At 31 December 2020		2,644,965	2,644,965
Company		Productivity bonus	Total
		N'000	N'000
At 1 January 2019		845,328	845,328
Arising on business re-organisation		104,361	104,361
Provision made during the year		819,688	819,688
Payment in the year		(1,164,926)	(1,164,926)
At 31 December 2019		604,451	604,451
At 1 January 2020		604,451	604,451
Provision made during the year		2,458,418	2,458,418
Payment in the year		(657,372)	(657,372)
At 31 December 2020		2,405,497	2,405,497

The provision for productivity bonus is based on employee performance during the year. It is payable in the year 2021.

32 Deferred income	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Non-current	1,683,008	2,307,466	1,234,307	1,345,039
Current	381,646	539,263	110,732	110,732
	2,064,654	2,846,729	1,345,039	1,455,771
	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Opening balance	2,846,729	2,913,054	1,455,771	1,566,502
Addition	-	187,633	-	-
Impact of restructuring (Note 30.5)	(325,972)	-	-	-
Grant Capitalised	(164,091)	-	-	-
Grant released to profit or loss	(292,010)	(253,958)	(110,732)	(110,731)
Closing balance	2,064,655	2,846,729	1,345,040	1,455,771

The deferred revenue is as a result of the benefit received from a below-market-interest rate government loan (CBN/BOI Intervention Fund loans) disclosed in Note 30.1. The revenue is recognised in profit or loss over the useful life of the asset financed with the loan.

33 Employee benefit obligations

Defined contribution plan - Pension

The employees of the Company, (Lafarge Africa Plc, and the subsidiary, AshakaCem Ltd.) are members of a state arranged Pension scheme (Pension Reform Act, 2014) regulated by the Nigerian government but managed by several private sector service providers. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the defined contribution plan is to make the specified contributions to the third party organizations, which are responsible for the financial and administrative management of the funds.

Defined benefits plan - Gratuity

At 31 December 2015, the Group discontinued the gratuity scheme for all qualifying staff.

The plans had two components: the "Normal" gratuity for all exiting employees with service of 5 years and above, and an additional "In-house" gratuity for employees above 50 years of age and service of above 10 years. The retirement age is 60 years and no other post-retirement benefits are provided to these employees. This is a non-funded benefit scheme as the obligation is paid as and when due. The "in house" gratuity will be paid to qualifying staff on exit. However, no further liability is accrued from 31 December 2015. The actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2020 by Ernst and Young (IFRC registration number:00000000738). The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

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Below are the details of movements and amounts recognised in the financial statements:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
33.1 Non current				
Employee long service award scheme (Note 33.2)	1,719,115	1,309,568	1,443,609	1,085,095
Staff gratuities (Note 33.3)	565,573	566,556	565,573	566,556
	2,284,688	1,876,124	2,009,182	1,651,651

33.2 Employee long service award scheme

The amount arising from the Group and Company's obligations in respect of its employee long service award schemes is as follows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Opening balance	1,309,568	1,412,777	1,085,095	1,137,419
Arising on business re-organisation	-	-	-	40,213
Service cost	152,569	175,450	133,272	156,330
Interest cost (Note 12.2)	167,311	201,016	138,044	168,076
Total amount recognised in profit or loss	319,880	376,466	271,316	324,406
Remeasurements:				
Plan amendment	-	(196,560)	-	(177,738)
Loss from change in assumptions	267,659	(68,671)	229,273	(44,954)
Experience adjustment gains	(40,441)	(75,265)	(23,018)	(81,190)
Total amount recognised in profit or loss	227,218	(340,496)	206,255	(303,882)
Benefits paid	(137,551)	(139,179)	(119,057)	(113,061)
Closing balance	1,719,115	1,309,568	1,443,609	1,085,095

Key assumptions

The key actuarial assumptions used for the purpose of the actuarial valuation are as follows:

Below are key assumptions for Nigerian entities:

	31 Dec 2020	31 Dec 2019
Financial assumptions		
Discount rate- per annum (p.a)	7.3%	13.5%
Inflation rate	11.0%	11.0%
Salary inflation (p.a)	8.0%	12.0%
Benefit escalation rate	5.5%	5.5%
Normal retirement age	60 years	60 years

A quantitative sensitivity analysis for significant assumptions as at 31 December is as shown below:

Sensitivity analysis for the Company

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Base	1,443,609	1,085,095
Discount rate		
0.5% increase	1,386,263	1,047,653
0.5% decrease	1,504,751	1,124,799
Salary increase rate		
0.5% increase	1,501,672	1,125,455
0.5% decrease	1,388,690	1,046,775
Benefit escalation rate		
0.5% increase	1,446,566	1,086,258
0.5% decrease	1,440,737	1,083,961
Mortality experience		
Age rated up by 1 year	1,437,038	1,080,671
Age rated down by 1 year	1,449,541	1,089,085

Sensitivity analysis for the Group

	31 Dec 2020	31 Dec 2019
	N'000	N'000
Base	1,719,115	1,309,568
Discount rate		
0.5% increase	1,653,035	1,265,530
0.5% decrease	1,789,497	1,356,205
Salary increase rate		
0.5% increase	1,785,413	1,356,720
0.5% decrease	1,656,349	1,264,745
Benefit escalation rate		
0.5% increase	1,722,861	1,311,110
0.5% decrease	1,715,472	1,308,062
Mortality experience		
Age rated up by 1 year	1,711,323	1,304,169
Age rated down by 1 year	1,726,152	1,314,439

The weighted average liability duration for the Plan is 7.24 years. The average weighted duration of the longest Nigerian Government bond as at 31st December 2020 was 6.56 years with a gross redemption yield of 7.26%.

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33.3 Staff gratuities

The amount arising from the Group's obligations in respect of its staff gratuities is as follows:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Opening balance	566,556	3,316,406	566,556	473,992
Arising from deconsolidation of discontinued operation	-	(2,842,414)	-	-
Service cost	-	-	-	-
Interest cost	97,072	63,319	97,072	63,319
Total amount recognised in profit or loss	97,072	63,319	97,072	63,319
Remeasurement:				
Gain/(loss) from change in assumptions	-	95,807	-	95,807
Total amount recognised in other comprehensive income	-	95,807	-	95,807
Benefits paid (Note 35.1.6)	(98,055)	(66,562)	(98,055)	(66,562)
Closing balance	565,573	566,556	565,573	566,556

The significant actuarial assumptions were as follows:

Below are key assumptions for Nigerian entities:

- i) The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Age	Number of deaths in year in the year out of 10,000 lives.
25	7
30	7
35	9
40	14
45	26

Through its defined benefit plans (pension scheme) the Group is exposed to asset volatility risk.

- ii) **Withdrawal from Service**

Age band	Rate
Less than or equal to 30	4%
31-39	3%
40-44	1%
45-54	1%
55-59	0%

- iii) A quantitative sensitivity analysis for significant assumptions as at 31 December is as shown below:

Sensitivity analysis for the Company

	31 Dec 2020 N'000	31 Dec 2019 N'000
Base	565,573	566,556
Discount rate:		
0.5% increase	554,573	554,820
0.5% decrease	577,006	578,752
Mortality experience:		
Age rated up by 1 year	564,675	565,470
Age rated down by 1 year	566,374	567,528

The weighted average liability duration for the Plan is 4.23 years. The average weighted duration of the longest Nigerian Government bond as at 31st December 2020 was 4.25 years with a gross redemption yield of 6.5%.

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34 Trade and other payables

Trade payables	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Trade payables	18,748,553	18,941,999	15,365,176	15,577,803
18,748,553	18,941,999	15,365,176	15,577,803	
Other payables:				
Related party - technical service fee (Note 34.1, 38.4)	3,861,802	5,691,389	3,861,802	5,428,974
Customers' deposits	22,735,180	19,770,478	17,247,193	18,477,116
Related companies (Note 38.5)	3,263,740	2,587,574	16,690,513	14,314,010
Withholding tax payable	875,110	1,829,293	920,277	1,829,293
Value added tax payable	87,951	1,409,042	87,785	1,320,052
Employee provisions and other liabilities	2,967,782	309,137	-	238,211
Accruals (Note 34.2)	7,145,326	8,144,599	6,279,343	8,021,708
Other liabilities	8,577,502	11,034,386	7,391,530	7,370,479
Dividend payable (Note 34.3)	8,594,829	-	8,594,829	-
58,109,222	50,775,898	61,073,271	56,999,843	
76,857,775	69,717,897	76,438,447	72,577,646	

34.1 LafargeHolcim Technical service fees

This represents the outstanding liability on the Industrial Franchise Agreement with LafargeHolcim of Switzerland. The terms of the agreements include:

- The right for Lafarge Africa Plc to use technical research and development information relating to production and distribution of cement products
- The provision by LafargeHolcim of technical and operational support through the secondment of suitably qualified expatriate personnel, as requested by Lafarge Africa Plc and approved by the Federal Government of Nigeria.
- The guarantee by LafargeHolcim of the achievement of raw material reserves and production targets by Lafarge Africa Plc.

34.2 Accruals

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Legal	-	61,189	-	61,189
Unbilled technical fee/ rebate	-	956,676	-	956,676
Freight/ logistics	504,599	680,093	500,999	680,093
Rent/ depot	-	128,856	-	101,669
Capital expenses	4,779	61,023	-	61,023
Quarry/landed cost	8,323	71,101	-	-
Plant accruals	4,582,070	3,649,276	4,238,690	3,636,436
Power	483,300	-	-	-
Employee related accrual	62,274	606,548	50,931	591,554
Others	1,499,981	1,929,837	1,488,723	1,933,068
7,145,326	8,144,599	6,279,343	8,021,708	

34.3 Dividend paid to equity holders of the company

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
At 1 January	-	4,220,596	-	4,220,596
Dividend declared	16,107,796	-	16,107,796	-
Payment to the equity holders of the parent	(7,512,967)	(4,220,596)	(7,512,967)	(4,220,596)
At 31 December	8,594,829	-	8,594,829	-

The balance on dividend payable is due to Caricement B.V and Associated International Cement Ltd for the year 2019.

34.4 Dividend paid

The following dividend were paid during the year:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Lafarge Associated Nigeria Limited	-	4,220,596	-	4,220,596
Caricement B.V	3,281,612	-	3,281,612	-
Associated International Cement Ltd	1,623,970	-	1,623,970	-
Other equity holders	2,607,385	-	2,607,385	-
Total	7,512,967	4,220,596	7,512,967	4,220,596

35 Additional cash flow information

35.1 Working capital adjustments:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Increase in inventories	1,616,555	9,303,612	3,441,287	8,502,176
(Decrease)/increase in trade and other receivables	3,184,742	(5,952,392)	(5,783,784)	(11,816,843)
(Decrease)/increase in other assets	(15,081,615)	(4,655,111)	(14,460,563)	(4,670,634)
Increase/decrease in other financial assets	(923,775)	139,111	(925,047)	(29,100)
Increase/ (decrease) in trade and other payables	(1,454,951)	16,704,406	(4,734,028)	21,780,431
(12,659,044)	15,539,626	(22,462,135)	13,766,030	

35.1.1 Reconciliation of changes in inventories included in statement of cash flows:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Movement in inventories	1,388,174	14,715,751	3,212,906	3,241,946
Arising on business re-organisation	-	-	-	282,271
Arising from deconsolidation of discontinued operation	-	(11,281,213)	-	-
Reclassification to Property, plant and equipment (Note 15)	228,381	5,869,074	228,381	4,977,959
Movement as per the Statement of Cashflows	1,616,555	9,303,612	3,441,287	8,502,176

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35.1.2 Reconciliation of changes in trade and other receivables included in statement of cash flows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Movement in trade and other receivables	3,164,137	12,970,944	(5,803,098)	(9,284,981)
Arising on business re-organisation	-	-	-	512,675
Arising from deconsolidation of discontinued operation	-	(15,870,481)	-	-
Transfer to right of use assets	-	(2,745,219)	-	(2,745,219)
Reclassification of Impairment loss on trade receivables (Note 22.3)	20,605	(307,636)	19,314	(299,318)
Movement as per the Statement of Cashflows	3,184,742	(5,952,392)	(5,783,784)	(11,816,843)

35.1.3 Reconciliation of changes in other assets included in statement of cash flows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Movement in other assets	(14,394,946)	617,627	(13,773,894)	4,389
Arising on business re-organisation	-	-	-	94,291
Arising from deconsolidation of discontinued operation	-	(503,424)	-	-
Reclassification of prepayments for construction expenditure (Note 15)	(686,669)	(956,784)	(686,669)	(956,784)
Transfer to right of use assets	-	(3,812,530)	-	(3,812,530)
Movement as per the Statement of Cashflows	(15,081,615)	(4,655,111)	(14,460,563)	(4,670,634)

35.1.4 Reconciliation of changes in other financial assets included in statement of cash flows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Movement in other financial assets	(923,775)	669,651	(925,047)	(29,100)
Arising from deconsolidation of discontinued operation	-	(530,540)	-	-
Movement as per the Statement of Cashflows	(923,775)	139,111	(925,047)	(29,100)

35.1.5 Reconciliation of changes in trade and other payables included in statement of cash flows:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Movement in trade and other payables	7,139,878	(10,819,919)	3,860,801	22,656,468
Arising on business re-organisation	-	-	-	(5,096,633)
Arising from deconsolidation of discontinued operation	-	23,303,729	-	-
Reclassification of dividend payable (Note 34.3)	(8,594,829)	4,220,596	(8,594,829)	4,220,596
Movement as per the Statement of Cashflows	(1,454,951)	16,704,406	(4,734,028)	21,780,431

35.1.6 Provisions and net movement on employee benefit

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Long service awards - Plan amendment/curtailment	-	(196,560)	-	-
Employee Long Service Award - service cost (Note 33.2)	152,569	175,450	133,272	156,330
Productivity bonus payment	(772,361)	(1,291,793)	(657,372)	(1,164,926)
Staff gratuity benefits paid (Note 33.3)	(98,055)	(66,562)	(98,055)	(66,562)
Employee Long service award benefits paid	(137,551)	(139,179)	(119,057)	(113,061)
Remeasurement (gains) / losses - Long service awards	227,218	(143,936)	206,255	(126,144)
Provision for productivity bonus for the year	2,739,977	785,162	2,458,418	819,688
	2,111,797	(877,418)	1,923,461	(494,675)

35.2 In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Proceeds from sale of property, plant and equipment	475,059	62,221	458,662	62,221
Net book value of property, plant and equipment disposed	(237,690)	(7,532)	(233,713)	(7,532)
Gain on sale of property, plant and equipment (Note 15)	237,369	54,689	224,949	54,689

35.3 Other non cash items

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Write offs for Property, plant and equipment	41,026	430,763	41,026	356,348
Gain on sale of property plant and equipment (Note 10)	(237,369)	(54,689)	(224,949)	(54,689)
Impairment loss on trade and other receivables (Note 22.3)	(20,605)	307,636	(19,314)	299,318
Movement in site restoration cost	432,656	(193,837)	203,085	(217,113)
Government grants (Note 10)	(292,010)	(253,958)	(110,733)	(110,731)
	(76,302)	235,915	(110,885)	273,133

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36 Commitments for expenditure

Capital expenditure contracted for at the reporting period end but not recognised in the financial statements is as follows:

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Capital expenditure commitments				
Approved and contracted for	3,829,612	15,513,811	3,829,612	3,904,755
	3,829,612	15,513,811	3,829,612	3,904,755
Operating expenditure commitments				
Commitments for the supply of gas (Note 36.1)	150,854,700	121,013,891	150,854,700	121,013,891
Commitments for the supply of power (Note 36.2)	5,963,349	6,314,830	5,963,349	6,314,830
Guarantee for gas commitment (Mfamosing project)	1,450,000	1,450,000	1,450,000	1,450,000
Income tax risk (Note 36.3)	1,335,749	-	1,335,749	-
Guarantee for power services	1,250,904	1,185,644	1,250,904	1,185,644
Guarantee for truck financing	7,747,344	2,405,638	7,747,344	2,405,638
Clearing charges for imported materials	-	273,400	-	273,400
Share Holder's Guarantee (Note 36.4)	3,579,296	3,427,835	3,579,296	3,427,835
Additional Subscription of Shares in CBI Ghana	1,645,000	1,273,720	1,645,000	1,273,720
	173,826,343	137,344,958	173,826,343	137,344,958

36.1 This represents the total commitments with respect to termination payment clause on gas contracts. This amount is made up of ₦56.8 billion relating to gas supply contract with a vendor for the supply of gas to Mfamosing Plant, ₦94 billion relating to another gas supply contract with a vendor for the supply of gas to Ewekoro and Shagamu Plants.

36.2 Commitments for the supply of power represents the fixed cost commitment on a monthly basis for the supply of power to the Ewekoro and Mfamosing plant for period of ten years from the effective date of the contract.

36.3 During the year, the tax authorities conducted a transfer pricing audit with regards to 2011 - 2014 fiscal years. The Company was levied with a sum amounting to ₦2 billion. The matter is pending before the Tax Appeal Tribunal for consideration, however, the FIRS has requested that the matter be settled out of court. The Company's legal and tax teams are of the view that the price at which the coal was sold from the coal division to the cement is at arms length and as such the Company does not expect any material exposure to arise.

Additionally, The FIRS applied VAT on discounts and rebates granted to the Company's customers. Ashaka stated that the revenue for VAT purpose should be duly adjusted for discounts and rebates as it should be based on net sales (i.e. gross sales less discounts and rebates). The Company awaits the FIRS's revised report. Tax specialists were engaged to review the adequacy of the disclosed amount, and, based on their high-level review of the grounds of objection, the exposure is considered possible and may amount to ₦50.2 million.

36.4 Lafarge Africa Plc provided a shareholder's guarantee to one of its investments, CBI Ghana for a construction project. The value of the guarantee is USD 9.42 million and this was executed through a deed of guarantee effective on 5 February 2018 and runs up unto the project completion date.

37 Contingent liabilities

	Group		Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000	31 Dec 2020 N'000	31 Dec 2019 N'000
Lafarge Africa Plc				
Various litigations and claims (Note 37.1)	4,870,310	4,931,438	4,870,310	4,830,438
Letters of credit (Note 37.2)	11,698,881	3,949,640	7,776,040	3,949,640
	16,569,191	8,881,078	12,646,350	8,780,078

37.1 The Group and Company are engaged in law suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigations and other claims amounted to ₦4.9 billion (2019: ₦4.8 billion) for the Group and Company respectively. The Directors are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Thus the possible obligation has not been provided for in the financial statements.

37.2 This represents letters of credit which have been opened but shipment of items has not been initiated and as such risks and rewards have not been transferred to the Group and Company as at year end.

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38 Related party transactions

38.1 Ultimate parent entity

The ultimate parent entity of the Group is LafargeHolcim, incorporated in Switzerland.

In the normal course of business, Lafarge Africa Plc sells cement to other subsidiaries of the ultimate shareholder.

The Company receives technical assistance from the majority shareholder which is paid for under the Industrial Franchise Agreement (see Note 9.4).

38.2 Subsidiaries

Subsidiaries are set out in Note 17.1.

38.3 Transactions with related parties

The following transactions occurred with related parties during the year:

	Group N'000		Company N'000	
AshakaCem Limited	-	-	2,067,466	601,311
Total transaction value	-	-	2,067,466	601,311

Purchase of goods and services

	Group 31 Dec 2020 N'000		Company 31 Dec 2020 N'000	
Lafarge Holcim Trading	2,647,000	1,506,610	2,647,000	1,506,610
Total transaction value	2,647,000	1,506,610	2,647,000	1,506,610

Goods were sold to related parties during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

		Group 31 Dec 2020 N'000		Company 31 Dec 2020 N'000	
Others	Nature of transaction	N'000	N'000	N'000	N'000
AshakaCem Limited	Dividends received - Subsidiary	-	-	-	7,934,772
Holcim Group Services Ltd	Services Related	411,137	-	259,748	-
Lafargeholcim Middle East & Africa It Service Center	IT Services	953,616	-	953,616	-
Technical Center Europe-Africa	Services Related	290	10,226	290	3,379
Lafargetechnical Center Vienna GmbH	Services Related	2,663	-	2,663	-
Holcim Trading S.A.	Fuel	36,192	-	36,192	-
Lafarge Cement Egypt Sae	Payroll and other personnel recharges	154,066	9,452	154,066	9,452
Lafarge Building Materials Ltd	Employee Related	-	63,908	-	63,908
Lafarge (Beijing) Building Materials Technical Service Co, Ltd	Employee Related	20,920	-	-	-
Lafarge S.A Paris	Technical Fees	-	1,937,691	-	1,691,467
Holcim Technology Ltd	Technical Fees	2,989,050	2,442,618	2,989,050	2,442,618
Holcim (Maroc) S.A.	Fuel	60,446	50,138	60,446	50,138
Holcim Group Services Ltd	Employee Related	-	56,312	-	56,312
Lafarge Mea Building Materials S.A.E	Employee Related	313,533	-	307,096	-
Lafarge Industries S.A. (Pty)	Employee Related	196	940	196	940
Lafargeholcim Energy Solutions	Employee Related	172,048	-	172,048	-

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Others (Cont'd)	Nature of transaction	Group		Company	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
		N'000	N'000	N'000	N'000
Ambuja Cements Limited	Services Related	-	7,954	-	7,954
Holcim (Romania) S.A.	Services Related	-	2,437	-	2,437
HOLCIM (SINGAPORE) PTE LTD	Services Related	-	59,977	-	44,675
HOLCIM TRADING FZCO	Services Related	-	315,879	-	315,879
Hima Cement Rwanda Ltd	Employee Related	24,543	-	24,543	-
Lafarge Intern Serv Singapore	Employee Related	266,744	-	179,222	-
Lafarge International Services	Payroll and other personnel recharges	-	704,749	-	689,447
Lafarge Mea Building Material Sae	Payroll and other personnel recharges	-	48,625	-	48,625
Lafarge SA	Group Insurance	-	-	-	-
Lafarge Zambia Plc	Payroll and Personnel recharges	-	8,781	-	8,781
Lafargeholcim Mea It Services Cente	IT services	-	703,990	-	703,990
Associated Pan Malaysia Cement Sdn	Payroll, personnel costs recharges	107,851	-	-	-
LH Trading Ltd	Recharges	-	37,732	-	37,732
Total transaction value		5,513,295	6,461,408	5,139,176	14,112,506

38.4 Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Trade receivables:				
AshakaCem Limited	-	-	2,467,839	642,597
Lafarge Holcim Trading	242,224	-	242,224	-
	242,224	-	2,710,063	642,597
Technical fees:				
Lafarge S.A Paris	418,016	1,426,200	418,016	1,163,785
Holcim Technology Ltd	3,443,786	4,265,189	3,443,786	4,265,189
	3,861,802	5,691,389	3,861,802	5,428,974

The sale of goods to/from related parties were carried out on commercial terms and conditions and hence the Directors are of the opinion that there is no conflict of interests. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

38.5 Other receivables from and payables to related parties

Other receivables			Group		Company	
			31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
			N'000	N'000	N'000	N'000
AshakaCem Plc	Subsidiary	Back end expenses and System, application & support cost	-	-	18,815,390	11,782,056
Lafarge S.A.	Fellow subsidiary	Back end expenses.	-	36,424	-	42,862
Lafarge Associated Nigeria Ltd	Fellow subsidiary	Back end expenses.	-	180,397	-	180,397

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Holcim Services EMEA Spain	Fellow subsidiary	Back end expenses.	-	4,644	-	4,644
LafargeHolcim Energy Solutions	Fellow subsidiary	Back end expenses.	97,028	-	97,028	-
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	333	-	333	-
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	138,160	-	138,160	-
Holcim Technology Ltd	Fellow subsidiary	Back end expenses.	23,343	-	23,343	-
			258,864	221,465	19,074,254	12,009,959
Other payables						
			Group	Company		
			31 Dec	31 Dec	31 Dec	31 Dec
			2020	2019	2020	2019
			N'000	N'000	N'000	N'000
Lafarge S.A	Fellow subsidiary	Back end expenses.	74,678	593,191	97,302	610,514
Holcim technology limited	Fellow subsidiary	Back end expenses.	-	1,134,370	-	1,003,781
Ashakacem PLC	Subsidiary	Back end expenses.	-	-	13,928,118	11,849,784
Lafarge Malaysia	Fellow subsidiary	Back end expenses.	-	157	-	157
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	9,273	(263,704)	-	(121,588)
Lafarge MEA Building Materials S.A.E	Fellow subsidiary	Back end expenses.	525,384	211,851	516,522	209,426
Holcim Trading S.A.	Fellow subsidiary	Back end expenses.	264,740	228,548	264,740	228,548
Technical Center Europe-Africa	Fellow subsidiary	Back end expenses.	13,985	13,695	13,985	13,695
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	1,089,054	-	953,283	-
Holcim Services EMEA Spain	Fellow subsidiary	Back end expenses.	-	366,396	-	366,396
Lafarge International Services Singapore Pte Ltd	Fellow subsidiary	Back end expenses.	380,617	113,873	179,222	-
Lafarge Industries South Africa (PTY) Ltd	Fellow subsidiary	Back end expenses.	1,019	823	1,019	823
Lafarge Building Materials Limited	Fellow subsidiary	Back end expenses.	-	60,499.08	-	60,499.08
Lafargeholcim España, S.A.U.	Fellow subsidiary	Back end expenses.	33,805	25,883.61	33,805	25,883.61
Lafargeholcim Building Materials (China) Co., Ltd	Fellow subsidiary	Back end expenses.	-	35,900.06	-	-
LH Trading Ltd	Fellow subsidiary	Back end expenses.	374,205	42,531.38	374,205	42,531.38
Lafargeholcim Maroc	Fellow subsidiary	Back end expenses.	65,378	4,931.61	65,378	4,931.61
Lafarge Cement Technical Center Vienna GmbH	Fellow subsidiary	Back end expenses.	3,780	1,117.40	3,780	1,117.40
Lafarge Cement Egypt S.A.E.	Fellow subsidiary	Back end expenses.	249,154	95,088.22	249,154	95,088.22

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Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2020

Other payables (cont'd)			Group		Company	
			31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
			N'000	N'000	N'000	N'000
Lafarge A&C Technical Service (Beijing) Co Ltd	Fellow subsidiary	Back end expenses.	20,920	-	-	-
Lafarge Asia Sdn Bhd (Asia Technical Center)	Fellow subsidiary	Back end expenses.	107,851	-	-	-
LafargeHolcim Investment Ltd	Fellow subsidiary	Back end expenses.	49,897	-	-	-
LafargeHolcim Energy Solutions	Fellow subsidiary	Back end expenses.	-	(75,020)	-	(75,020)
Lafarge Associated Nigeria Ltd	Fellow subsidiary	Back end expenses.	-	5,652	-	5,652
LH Trading PTE Ltd	Fellow subsidiary	Back end expenses.	-	6,033	-	6,033
Holcim Trading FZCO	Fellow subsidiary	Back end expenses.	-	300.94	-	300.94
Hima Cement Rwanda Limited	Fellow subsidiary	Back end expenses.	-	(14,543)	-	(24,543)
Wapsila Nigeria Limited	Fellow subsidiary	Investment	-	-	10,000	10,000
			3,263,740	2,587,574	16,690,513	14,314,010

***Back end expenses relates to charge back of employee related costs, IT services and other administrative expenses.

38.6 Loans from related parties

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
AshakaCem Plc	-	-	803,728	4,582,413
	-	-	803,728	4,582,413

38.7 Loans to related party

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Loan to CBI Ghana	2,631,490	1,762,507	2,631,490	1,762,507

38.8 Key management personnel compensation

key management personnel	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Salaries and other short term employee benefits	1,428,759	1,381,999	1,428,759	1,381,999
Post-employment benefits	87,353	78,232	87,353	78,232
Total	1,516,112	1,460,231	1,516,112	1,460,231

Lafarge Africa Plc

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2020

39 Directors and employees

Directors

Directors' emolument comprise:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Salaries/fees	343,420	292,650	343,420	292,650
Sitting allowance and other benefits	206,086	51,665	206,086	51,665
	549,506	344,315	549,506	344,315

Fees and other emoluments disclosed above include amount paid to:

	Salaries/Fees		Sitting allowance		Other benefits		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Executive Director								
Khaled Abdel Aziz El Dokani	221,223	-	-	-	113,675	-	334,897	-
Michel Puchercos	-	271,650	-	-	-	10,727	-	282,377
Lolu Alade-Akinyemi	88,197	-	-	-	9,091	-	97,289	-
Non- Executive Directors								
Mobolaji Balogun	10,000	5,000	12,400	6,500	-	3,708	22,400	15,208
Adebode Adefioye	8,000	4,000	17,120	10,040	-	2,500	25,120	16,540
Adenike Ogunlesi	8,000	4,000	14,720	6,840	-	250	22,720	11,090
Elenda Giwa- Amu	8,000	4,000	17,900	9,400	-	-	25,900	13,400
Karine Uzan Mercie	-	4,000	-	1,700	-	-	-	5,700
Rossen Papazov	-	-	-	-	-	-	-	-
Marco Licata	-	-	-	-	-	-	-	-
Adebayo Adeleke	-	-	2,480	-	-	-	2,480	-
Grant Earnshaw	-	-	-	-	-	-	-	-
Christof Hassig	-	-	-	-	-	-	-	-
Jean-Philippe Benard	-	-	-	-	-	-	-	-
Adekanmbi David Ademola	-	-	2,000	-	-	-	2,000	-
Gbenga Oyeboade MFR	-	-	8,720	-	-	-	8,720	-
Adejuwon Timothy Ademola	-	-	2,000	-	-	-	2,000	-
Olivier Guitton	-	-	-	-	-	-	-	-
Oyinkan Adewale	-	-	5,980	-	-	-	5,980	-
Virginie Darbo	-	-	-	-	-	-	-	-
	343,420	292,650	83,320	34,480	122,766	17,185	549,506	344,315

Salaries/Fees represent annual remuneration, bonus paid, long term benefits and pensions, while other benefits are related to Benefits in Nigeria

Employees

The average number of employees employed during the year was:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Managerial staff	111	115	103	103
Senior staff	1,094	1,004	898	815
Junior staff	174	209	73	105
	1,379	1,328	1,074	1,023

The aggregate payroll costs were:

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Wages, salaries, allowances and other benefits	12,518,153	17,417,142	10,635,177	15,475,537
Pension and social benefits	1,014,156	1,278,696	867,672	979,402
Staff training	-	152,041	-	143,058
	13,532,309	18,847,879	11,502,849	16,597,997

The number of higher paid employees with gross emoluments within the ranges below were:

Range (N)	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	Number	Number	Number	Number
Up to 1,000,000	15	12	7	6
1,000,001 - 3,000,000	279	241	158	132
3,000,001 - 5,000,000	511	577	385	427
5,000,001 - 7,000,000	236	185	205	163
7,000,001 - 10,000,000	156	140	145	132
Above 10,000,000	182	173	174	163
	1,379	1,328	1,074	1,023

40 Events after the reporting period

On January 20, 2021, the board of Lafarge Africa Plc approved the disposal of the Company's investment in Continental Blue Investment Ghana Ltd via a planned sale of the total equity interest held by the Company in CBI to a third party F. Scott AG. Based on the agreement with F. Scott AG, dated February 2, 2021, the proceeds that will be realized by Lafarge Africa Plc from the transaction amounts to USD 8.2m after repayment of loan granted by Lafarge Africa Plc to CBI Ghana (USD 5.8m), settlement of earn out obligation by Lafarge Africa Plc (USD 3.6m) and Payment for the Lafarge Africa Plc's shares by F. Scott AG (USD 6m). The parties have agreed to close the transaction no later than 30 June 2021.

The disposal is part of Group's decision to re-organise its operations and achieve better synergies

There are no other events which could have had a material effect on the financial position of the Group as at 31 December 2020 and its financial performance for the year then ended that have not been adequately provided for or disclosed in these financial statements.

Other National Disclosures

Lafarge Africa Plc

Consolidated and Separate Statements of Value Added for the year ended 31 December 2020

Group	31 Dec 2020		31 Dec 2019	
	N'000	%	N'000	%
Revenue	230,572,922	278	212,999,066	276
Bought in materials and services	-	-	-	-
Local	(142,934,692)	(172)	(129,372,772)	(168)
Imported	(6,702,037)	(8)	(11,911,066)	(15)
Other income and finance income	2,152,153	2	5,510,287	7
Value added	83,088,346	100	77,225,515	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	13,532,309	16	18,847,879	24
To pay providers of capital:				
Finance costs	7,859,989	9	18,865,493	24
To pay government:				
Income tax expense	2,327,495	3	1,174,692	2
Retained in the business				
To maintain and replace:				
Property, plant and equipment	28,526,415	35	29,497,370	29
Intangible assets	-	-	531,386	1
To deplete reserves	30,842,138	37	15,517,786	20
Value added	83,088,346	100	84,434,606	100
Company	31 Dec 2020		31 Dec 2019	
	N'000	%	N'000	%
Revenue	202,530,359	269	188,407,004	247
Bought in materials and services	-	-	-	-
Local	(122,487,377)	(162)	(114,486,727)	(150)
Imported	(6,701,133)	(9)	(10,495,388)	(14)
Other income and finance income	2,063,339	2	12,868,034	17
Value added	75,405,188	100	76,292,923	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	11,502,849	15	16,597,997	22
To pay providers of capital:				
Finance costs	8,418,695	11	19,721,459	26
To pay government:				
Income tax expense	636,490	1	350,577	-
Retained in the business				
To maintain and replace:				
Depreciation of plant, property and equipment	26,132,270	35	27,160,431	21
Intangible assets	-	-	531,386	1
To deplete reserves	28,714,884	38	22,721,616	30
Value added	75,405,188	100	87,083,466	100

Lafarge Africa Plc

Five year Financial Summary for the year ended 31 December 2020

Group	IFRS				
	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Financial position					
Capital employed:					
Ordinary share capital	8,053,899	8,053,899	4,336,715	2,787,888	2,740,367
Share premium	435,148,731	435,148,731	350,945,748	222,272,108	217,528,456
Retained earnings	170,579,540	155,801,325	138,272,355	160,257,556	102,842,886
Deposit for shares	-	-	-	130,416,872	-
Foreign currency translation reserve	(14,611)	39,103	9,364,261	9,935,643	(8,660,486)
Other reserves on business combination and re-organisation	(254,129,057)	(254,129,057)	(368,683,312)	(368,683,312)	(256,899,951)
Non-controlling interest	-	-	305,322	-	191,401,276
Total equity	359,638,502	344,914,001	134,541,089	156,986,755	248,952,548
Represented by:					
Property, plant & equipment	348,328,150	369,797,229	394,488,764	393,651,934	390,240,816
Intangible assets	1,939,210	3,202,068	6,194,518	2,634,326	1,563,499
Investment in joint ventures	379,432	-	-	-	89,551
Other financial assets	964,796	767,253	1,301,148	1,582,622	423,921
Other assets	29,127,048	20,345,783	16,671,760	20,803,113	9,790,605
Deferred tax assets	23,404,073	27,994,154	28,720,032	17,514,432	7,641,003
Net current liabilities	(24,484,811)	(9,366,049)	(119,289,276)	(189,550,565)	(85,039,599)
	379,657,898	412,740,438	328,086,946	246,635,862	324,709,796
Borrowings	(5,139,600)	(52,664,863)	(172,373,209)	(68,715,378)	(68,221,773)
Deferred tax liabilities	(9,401,523)	(9,966,699)	(10,200,112)	(11,025,943)	-
Provisions	(1,510,577)	(1,011,285)	(3,645,751)	(3,472,388)	(2,200,640)
Deferred revenue	(1,683,008)	(2,307,466)	(2,597,602)	(1,518,467)	(1,554,673)
Employee benefits obligation	(2,284,688)	(1,876,124)	(4,729,183)	(4,916,931)	(3,780,162)
Net assets	359,638,502	344,914,001	134,541,089	156,986,755	248,952,548
Net assets per share (Naira)	2,233	2,141	1,551	2,816	4,542

Net assets per share is calculated by dividing net assets of the Group by the number of ordinary shares outstanding at the end of the reporting period.

Group	IFRS				
	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Financial result					
Revenue	230,572,922	212,999,066	308,425,456	299,153,305	219,714,112
Profit/(loss) before minimum tax	37,572,131	17,892,285	(19,508,228)	(34,032,277)	(22,818,718)
Profit/(loss) for the year	30,842,138	15,517,786	(8,801,726)	(34,601,409)	16,898,781
Dividend proposed	-	-	-	13,010,143	5,754,771
Per share data (Kobo)					
Earnings - Basic (continuing operation)	191	96	(105)	(637)	315
Earnings - Basic (continuing & discontinued operation)	191	715	-	-	-
Dividend proposed (kobo)	-	-	-	105	105
Dividend cover (times)	-	-	-	(6)	3
Net assets per share (Naira)	2,233	2,141	1,551	2,816	4,542

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Lafarge Africa Plc

Five year Financial Summary for the year ended 31 December 2020

Company	IFRS				
	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Financial position					
Capital employed:					
Ordinary share capital	8,053,899	8,053,899	4,336,715	2,787,888	2,740,367
Share premium	435,148,731	435,148,731	350,945,748	222,272,108	217,528,456
Retained earnings	124,464,893	111,857,805	92,140,223	100,970,988	119,825,320
Deposit for shares	-	-	-	130,416,872	-
Foreign currency translation reserve	(14,611)	39,103	39,103	39,103	-
Other reserves on business combination and re-organisation	(193,677,979)	(193,677,979)	(191,718,064)	(191,718,064)	-
Total equity	373,974,933	361,421,559	255,743,725	264,768,895	340,094,143
Represented by:					
Property, plant & equipment	287,447,215	308,650,770	291,775,732	292,872,779	114,617,300
Intangible assets	1,524,264	2,506,810	3,204,505	-	-
Investments in subsidiaries	63,906,867	63,906,867	178,923,532	182,088,406	243,891,263
Investment in joint venture	379,432	-	-	-	73,133
Other financial assets	964,796	767,253	1,134,509	1,556,738	92,143,118
Other assets	28,657,973	18,772,032	15,073,457	14,984,747	-
Deferred tax assets	23,404,073	27,994,154	27,950,907	16,333,384	-
Net current liabilities/assets	(25,474,680)	(11,732,271)	(114,241,023)	(174,121,882)	(25,718,849)
	380,809,940	410,865,615	403,821,619	333,714,172	425,005,965
Borrowings	(2,774,394)	(45,899,963)	(144,391,743)	(64,900,757)	(64,014,218)
Deferred tax liabilities	-	-	-	-	(18,031,333)
Provisions	(817,124)	(547,403)	(618,970)	(909,320)	(563,468)
Deferred revenue	(1,234,307)	(1,345,039)	(1,455,770)	(1,518,467)	(722,496)
Employee benefits obligation	(2,009,182)	(1,651,651)	(1,611,411)	(1,616,733)	(1,580,307)
Net assets	373,974,933	361,421,559	255,743,725	264,768,895	340,094,143
Net assets per share (Naira)	2,322	4,488	2,949	6,205	6,205

Net assets per share is calculated by dividing net assets of the Group by the number of ordinary shares outstanding at the end of the reporting period.

Company	IFRS				
	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Financial result					
Revenue	202,530,359	188,407,004	187,043,475	177,170,362	87,198,416
Profit/(loss) before minimum tax	34,319,046	24,318,017	(7,408,583)	(7,098,191)	19,888,762
Profit/(loss) for the year	28,714,884	22,721,616	4,141,764	(13,223,626)	20,778,348
Dividend proposed	-	-	-	13,010,143	5,754,771
Per share data (Kobo)					
Earnings - Basic (continuing & discontinued operation)	178	141	48	(240)	394
Earnings - Basic (discontinued operation)	178	141	-	-	-
Dividend proposed (kobo)	-	-	-	150	105
Dividend cover (times)	-	-	-	(2)	4
Net assets per share (Naira)	2,322	2,244	2,949	4,749	6,205

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period.