

***Lafarge Africa Plc***  
Annual Report  
31 December 2021

# **Lafarge Africa Plc**

## *Contents*

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Corporate Information	3
Directors' Report	4
Audit Committee's Report	7
Statement of Directors' Responsibilities in Relation to the Financial Statements	8
Statement of Corporate Responsibility for the Financial statement	9
Independent Auditor's Report	10
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income	15
Consolidated and Separate Statements of Financial Position	16
Consolidated and Separate Statements of Changes in Equity	17
Consolidated and Separate Statements of Cash Flows	19
Notes to the Consolidated and Separate Financial Statements	20
Other national disclosures:	67
Consolidated and Separate Statements of Value Added	68
Five-year Financial Summary	69

# **Lafarge Africa Plc**

## *Corporate Information*

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### **Company registration number**

RC 1858  
TIN- 01057508-0001

### **Directors**

Mr. Adebode Adefioye  
Mr. Khaled Abdel Aziz El Dokani (Egyptian)  
Mr. Lolu Alade-Akinyemi  
Mrs. Elenda Giwa-Amu  
Mrs. Adenike Ogunlesi  
Mr. Grant Earnshaw (British)  
Mrs. Karine Uzan Mercie (French)  
Mr. Marco Licata (Italian)  
Mr. Gbenga Oyebode, MFR  
Mrs. Oyinkan Adewale FCA  
Mrs. Virginie Darbo (French)

Chairman  
Group Managing Director/CEO  
Executive Director/CFO  
Non-Executive Director  
Independent Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Independent 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 2021.

### Legal form

Lafarge Africa Plc, a public quoted company on The Nigerian Exchange Group (NGX), 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 results of the Group and Company for the year ended 31 December 2021 are set out on page 15. The summarised results are presented below.

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Revenue	293,086,183	230,572,922	262,299,071	202,530,359
Profit before minimum tax	62,254,478	37,572,131	63,649,528	34,319,046
Minimum tax	(466,769)	(377,593)	(466,769)	(377,593)
Income tax expense	(10,784,160)	(6,352,400)	(9,726,847)	(5,226,569)
Profit after tax	51,003,549	30,842,138	53,455,912	28,714,884
Other comprehensive loss for the year	134,216	(53,714)	134,216	(53,714)
Total comprehensive income for the year	51,137,765	30,788,424	53,590,128	28,661,170

At the 345th Meeting of the Board of Directors of Lafarge Africa Plc ("the Company"), held on 27th of October 2021, a resolution on interim gross dividend of 100k was proposed, deliberated upon and duly passed on every ordinary share in issue amounting to ₦16,107,795,721.00, payable from the pioneer profits. The Board of Directors is proposing additional gross dividend of 100k, amounting to ₦16,107,795,721.00, bringing the total to 200k (2020: 100K) on every ordinary share in issue, amounting to a total gross dividend of ₦32,215,591,442.00 for 2021 (2020: ₦16,107,795,721.00). The additional dividend proposed, if approved by shareholders, is payable from the pioneer profits and is not subject to deduction of withholding tax. The proposed dividend is subject to approval by the shareholders at the Annual General meeting.

### Shareholding and substantial shareholders

The issued and fully paid-up Share Capital of the Company as at 31 December 2021 was 16,107,795,721 ordinary shares of 50kobo each (31 December 2020: 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.

Holcim 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 Holcim Limited (formerly LafargeHolcim Limited) in the Company was 83.81% as at 31 December 2021.

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 2021.

### Property, plant and equipment

Information relating to changes in property, plant & equipment is disclosed in Note 15 to the consolidated and separate financial Statements.

### Shareholding analysis

The Registrars have advised that the range of shareholding as at 31st December 2021 was as follows:

Range	No of Holders	Percent	Unit	Percent
1 - 500	47,926	39.11	11,952,165	0.07
501 - 5,000	59,197	48.30	94,577,366	0.59
5,001 - 50,000	12,783	10.43	183,186,936	1.14
50,001 - 500,000	2,255	1.84	328,219,884	2.04
500,001 - 5,000,000	338	0.28	490,198,765	3.04
5,000,001 - 50,000,000	44	0.04	646,713,044	4.01
50,000,001 - 7,434,367,256	6	0.00	5,325,581,687	33.06
7,434,367,257 - 16,107,795,721	1	0.00	9,027,365,874	56.04
<b>Grand Total</b>	<b>122,550</b>	<b>100</b>	<b>16,107,795,721</b>	<b>100</b>

### 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 2021 is the sum of ₦1,431,461,243.59.

# Lafarge Africa Plc

## Directors' Report

### Directors' responsibilities in relation to the financial statements

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 15 to 66 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' interests 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 Exchange Group, the interests of Directors in the issued share capital of the Company, as recorded in the Register of Members and/or notified by them are as follows:

Directors	No of shares 31.12.2021	No of shares 31.12.2020
Mr. Adebode Adefioye	-	-
Mr. Khaled El Dokani (Egyptian)	-	-
Mr. Lolu Alade-Akinyemi	-	-
Mrs. Elenda Giwa-Amu	203,550	203,550
Mrs. Adenike Ogunlesi	-	-
Mr. Grant Earnshaw (British)	-	-
Mrs. Karine Uzan Mercie (French)	-	-
Mr. Marco Licata (Italian)	-	-
Mr. Gbenga Oyebode, MFR	-	-
Mrs. Oyinkan Adewale	-	-
Mrs. Virginie Darbo (French)	-	-
<b>Total</b>	<b>203,550</b>	<b>203,550</b>

Except as disclosed above, 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, 2021.

### Donations and charitable gifts

In 2021, the Company expended ₦2.4 billion (2020: ₦1.3 billion) on diverse social investment programs and initiatives in our communities in Nigeria. The breakdown of the contributions is as follows:

	31 Dec 2021	31 Dec 2020
Corporate social responsibility interventions	₦595,931,780	₦329,868,021
Donations & Sponsorships	₦8,185,000	₦1,094,000
Inclusive projects (roads)	₦1,788,566,080	₦430,000,000
Community Development Projects across Nigeria (Covid-19 donation)	-	₦500,000,000
<b>Total</b>	<b>₦2,392,682,860</b>	<b>₦1,260,962,021</b>

In accordance with the provisions of Section 43 (2) Companies and Allied Matters Act 2020 and the Holcim 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 (2020: nil)

### 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 processes.

### Health and Safety

In Lafarge Africa Plc, Health and Safety is our core value. In 2021, 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 25th May 2021, 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 consists of five members: 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 have indicated their willingness to continue in office as Independent Auditors 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 25th February 2022

# **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 Auditors' Report required to be made in accordance with Section 404 (7) of CAMA and report as follows:

- i. The scope and planning of the internal audit for the year ended 31 December 2021 are satisfactory. The internal audit programs reinforce the Company's internal control system;
- ii. The scope and planning of the statutory audit for the year ended 31 December 2021 are satisfactory;
- iii. Having reviewed the Independent Auditors' management letter on accounting procedures and internal controls, we are satisfied with management's responses thereto;
- iv. The accounting and reporting policies for the year ended 31 December 2021 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 2021 were adequate and management's responses to the Independent Auditors' findings were satisfactory.



**Mr. Adebayo Adeleke**

FRC/2013/NIM/00000002317

Chairman, Audit Committee

Dated 24th February 2022

### **Audit committee members**

Mr. Adebayo Adeleke

Mr. David Adekanmbi

Mr. Timothy Adejuwon

Mrs. Oyinkan Adewale

Mrs. Karine Uzan Mercie

Shareholder Representative

Shareholder Representative

Shareholder Representative

Independent Non-Executive Director

Non-Executive Director

## **Lafarge Africa Plc**

### *Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2021*

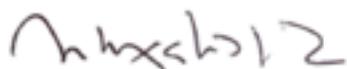
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The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies 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.

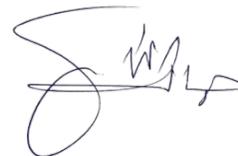
The Directors have made an assessment of the ability of the Group and the Company to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



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**Adebode Adefioye**  
FRC/2017/IODN/00000016512  
Date: 25th February 2022



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**Khaled Abdel Aziz El Dokani**  
FRC/2020/003/00000020762  
Date: 25th February 2022

## **Lafarge Africa Plc**

### *Statement of Corporate Responsibility for the Financial Statements for the year ended 31 December 2021*

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Group Managing Director and Chief Financial Officer, hereby certify the financial statements of the Lafarge Africa Plc for the year ended 31 December 2021 as follows:

- (a) That we have reviewed the audited consolidated and separate financial statements of the Group and Company for the year ended 31 December 2021.
- (b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- (c) That the audited consolidated and separate financial statements and all other financial information included in the financial statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for, the year ended 31 December 2021.
- (d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to the principal officer by other officers of the companies, during the year ended 31 December 2021.
- (e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of the audited consolidated and separate financial statements, and certify that the Company's internal controls are effective as of that date.
- (f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses
- (g) That we have disclosed the following information to the Company's Independent Auditors and Audit Committee:
  - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and we have identified for the Company's independent auditors any material weaknesses in internal controls, and
  - (ii) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.



**Khaled Abdel Aziz El Dokani**

Group Managing Director

FRC/2020/003/00000020762

Date: 25th February 2022



**Alade-Akinyemi Lol**

Chief Financial Officer

FRC/2020/001/00000020157

Date: 25th February 2022

**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 2021;
- 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, 2021, 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 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 consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Partners:

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



### 1. Impairment of Sagamu plant assets

Refer to significant accounting policies (Note 2) and Property, Plant and Equipment note (Note 15) on the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group and Company's plant in Sagamu with an installed capacity of 1 million metric tons per annum has remained under-utilized due to its sub-optimal plant efficiency as reported by management. Arising from this, the Company reviewed its plans for the Sagamu plant and performed a utilisation assessment in line with future production plans. Consequently, these plans necessitated management's impairment assessment on the specific assets of the Sagamu plant on a stand-alone basis.</p> <p>An impairment loss of ₦4.7 billion in relation to property, plant and equipment and a write down of the associated specific spares carried as inventories of ₦724 million have been recognised in the consolidated and separate financial statements.</p> <p>This is considered a key audit matter due to the significance of the amount and the significant judgement exercised by management.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We made inquiries of management and evaluated management's process and procedures for the identification of indicators of impairment of the identified asset.</li> <li>• To corroborate the results of our inquiries, we reviewed the board minutes/board approval and other communications and assessed management plans for impairment.</li> <li>• We challenged management's basis of judgement and assumptions applied in determining the impairment loss based on our knowledge of the Company.</li> <li>• We obtained and reviewed managements' assessment detailing the value of spares to be written down and the estimated consumption pattern of spares used in production.</li> <li>• We considered the adequacy of the Group and Company's disclosures in relation to the impairment of property, plant and equipment in line with the relevant accounting standards.</li> </ul>

### 2. Inventory Obsolescence Allowance ("Off-Spec" Clinker)

Refer to significant accounting policies (Note 2) and Inventories note (Note 21) on the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group and Company has significant volume of 'off-spec' clinker which had accumulated across all plants and has continued to suffer deterioration due to weather impact and low consumption.</p> <p>Consequently, management has performed an obsolescence assessment of the "off-spec" clinker across all plants and included an allowance</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We made inquiries of management and evaluated management's processes and procedures for the identification of indicators relating to the identified asset.</li> </ul>



<p>amount of ₦7.3 billion in the consolidated and separate financial statements.</p> <p>This is considered a key audit matter due to the significance of the amount and the significant judgement exercised by management.</p>	<ul style="list-style-type: none"> <li>• We obtained management’s assessment detailing the basis of the amount recognized as write down for the inventory.</li> <li>• We challenged management’s judgment and the assumptions applied in assessing the amount written down based on our knowledge of the Group and Company and observable obsolescence indicators.</li> <li>• We considered the adequacy of the Group and Company’s disclosures in relation to the write down of the identified asset in line with the relevant accounting standards.</li> </ul>
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<b>3. Provisions and contingent liabilities</b>	
Refer to significant accounting policies (Note 2), Accruals note (Note 33.2) and Contingent liabilities (Note 36) on the consolidated and separate financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>In the normal course of business, potential exposures may arise from operations including logistics, legal and work-related matters.</p> <p>The application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability is inherently subjective.</p> <p>This is considered a key audit matter as the amounts involved are potentially significant and the determination as to whether there is a liability is inherently uncertain.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We evaluated and challenged management’s basis of provision and accruals in relation to the application of the relevant accounting standards.</li> <li>• We obtained and inspected third party confirmations and correspondences to ascertain the existence and probability of the balance accrued and potential liabilities at year end.</li> <li>• We assessed the adequacy of the disclosures with respect to the potential liabilities of the Group and Company in line with the relevant accounting standards.</li> </ul>

**Other Information**

The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors’ Report, Audit Committee’s Report, Statement of Directors’ Responsibilities in Relation to the Financial Statements, Statement of Corporate Responsibility for the Financial Statements, Other National Disclosures, but does not include the consolidated and separate financial statements and our auditor’s 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, on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 consolidated and separate 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, actions taken to eliminate threats or safeguards applied.

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 our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Oluwatoyin A. Gbagi, FCA  
FRC/2012/ICAN/00000000565  
For: KPMG Professional Services  
Chartered Accountants  
28 February 2022  
Lagos, Nigeria



## Lafarge Africa Plc

### Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021

	Notes	Group		Company	
		31 Dec 2021	31 Dec 2020*	31 Dec 2021	31 Dec 2020*
		N'000	N'000	N'000	N'000
Revenue	6	293,086,183	230,572,922	262,299,071	202,530,359
Cost of sales (Production)	7	(150,505,605)	(121,716,515)	(125,134,689)	(102,568,981)
<b>Gross profit</b>		<b>142,580,578</b>	<b>108,856,407</b>	<b>137,164,382</b>	<b>99,961,378</b>
Selling and distribution costs	8	(56,976,373)	(45,837,222)	(51,681,590)	(40,706,971)
Administrative expenses	9	(21,158,470)	(18,301,776)	(20,057,257)	(17,507,420)
Other income	10	687,092	976,151	414,912	963,731
Impairment (loss)/reversal on trade receivables	11.2	(25,603)	20,605	(24,461)	19,316
Other operating expenses	11	-	(41,026)	-	(41,026)
<b>Operating profit</b>		<b>65,107,224</b>	<b>45,673,139</b>	<b>65,815,986</b>	<b>42,689,008</b>
Finance income	12.1	1,740,253	1,176,002	1,900,445	1,099,608
Finance costs	12.2	(5,276,309)	(9,710,156)	(4,750,213)	(9,902,716)
<b>Net finance cost</b>	12.2	<b>(3,536,056)</b>	<b>(8,534,154)</b>	<b>(2,849,768)</b>	<b>(8,803,108)</b>
Share of profit from joint venture accounted for using the equity method	17.2	683,310	433,146	683,310	433,146
<b>Profit before minimum tax</b>	14	<b>62,254,478</b>	<b>37,572,131</b>	<b>63,649,528</b>	<b>34,319,046</b>
Minimum tax expense	13.1	(466,769)	(377,593)	(466,769)	(377,593)
<b>Profit after minimum tax</b>		<b>61,787,709</b>	<b>37,194,538</b>	<b>63,182,759</b>	<b>33,941,453</b>
Income tax expense	13.2	(10,784,160)	(6,352,400)	(9,726,847)	(5,226,569)
<b>Profit after tax for the year</b>		<b>51,003,549</b>	<b>30,842,138</b>	<b>53,455,912</b>	<b>28,714,884</b>
<b>Other comprehensive income:</b>					
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Share of OCI from joint venture accounted for using the equity method	17.2	(292,558)	(53,714)	(292,558)	(53,714)
Reclassification of share of OCI from joint venture accounted for using the equity method		307,169	-	307,169	-
		<b>14,611</b>	<b>(53,714)</b>	<b>14,611</b>	<b>(53,714)</b>
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements of defined benefit obligations	32.3	170,864	-	170,864	-
Related tax	13.4	(51,259)	-	(51,259)	-
		<b>119,605</b>	<b>-</b>	<b>119,605</b>	<b>-</b>
<b>Other comprehensive loss for the year, net of tax</b>		<b>134,216</b>	<b>(53,714)</b>	<b>134,216</b>	<b>(53,714)</b>
<b>Total comprehensive income for the year</b>		<b>51,137,765</b>	<b>30,788,424</b>	<b>53,590,128</b>	<b>28,661,170</b>
Profit attributable to :					
- Owners		51,003,549	30,842,138	53,455,912	28,714,884
		<b>51,003,549</b>	<b>30,842,138</b>	<b>53,455,912</b>	<b>28,714,884</b>
Total comprehensive income for the year is attributable to:					
- Owners		51,137,765	30,788,424	53,590,128	28,661,170
		<b>51,137,765</b>	<b>30,788,424</b>	<b>53,590,128</b>	<b>28,661,170</b>
<b>Earnings per share attributable to the ordinary equity holders of the Company:</b>					
Basic earnings per share (Kobo)	26	317	191	332	178
Diluted earnings per share (Kobo)	26	317	191	332	178

\* During 2021, the Group and Company modified the classification of distribution costs on its products to reflect more appropriately the nature of the expense, which is consistent with the accounting policy of the group and company. Comparative amounts in the statement of profit or loss were reclassified for consistency.

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

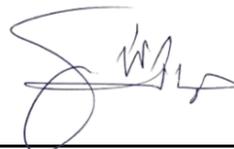
# Lafarge Africa Plc

## Consolidated and Separate Statements of Financial Position as at 31 December 2021

	Notes	Group		Company	
		31 Dec	31 Dec	31 Dec	31 Dec
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	338,721,747	348,328,150	273,704,651	287,447,215
Intangible assets	16	713,746	1,939,210	578,322	1,524,264
Investments in subsidiaries	17.1	-	-	63,906,867	63,906,867
Investment in joint ventures	17.2	-	379,432	-	379,432
Other financial assets	18	-	964,796	-	964,796
Other assets	20	35,535,403	29,127,048	32,699,442	28,657,973
Deferred tax assets	13.7	15,292,417	23,404,073	15,292,417	23,404,073
<b>Total non-current assets</b>		<b>390,263,313</b>	<b>404,142,709</b>	<b>386,181,699</b>	<b>406,284,620</b>
<b>Current assets</b>					
Inventories	21	45,010,127	31,052,596	36,656,494	22,466,615
Trade and other receivables	22	7,196,754	5,028,913	32,377,152	26,255,784
Other assets	20	15,275,129	11,916,440	14,734,768	8,846,892
Other financial assets	18.2	19,035,529	1,731,432	18,975,911	1,729,090
Derivative assets	19	-	18,905	-	-
Cash and cash equivalents	23	50,057,345	53,322,980	45,128,099	39,749,715
<b>Total current assets</b>		<b>136,574,884</b>	<b>103,071,266</b>	<b>147,872,424</b>	<b>99,048,096</b>
<b>Total assets</b>		<b>526,838,197</b>	<b>507,213,975</b>	<b>534,054,123</b>	<b>505,332,716</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	29	2,482,049	5,139,600	709,077	2,774,394
Employee benefit obligations	32.1	2,165,592	2,284,688	1,821,942	2,009,182
Deferred income	31	1,356,534	1,683,008	1,123,575	1,234,307
Provisions	30.1	2,103,557	1,510,577	1,193,962	817,124
Deferred tax liabilities	13.7	9,116,700	9,401,523	-	-
<b>Total non-current liabilities</b>		<b>17,224,432</b>	<b>20,019,396</b>	<b>4,848,556</b>	<b>6,835,007</b>
<b>Current liabilities</b>					
Loans and borrowings	29	20,805,272	44,593,230	19,846,836	44,458,963
Deferred income	31	326,474	381,646	110,732	110,732
Trade and other payables	33	103,177,397	76,857,775	109,116,337	76,438,447
Provisions	30.2	2,918,962	2,644,965	2,571,809	2,405,497
Current tax liabilities	13.5	3,824,984	3,078,461	2,210,383	1,109,137
<b>Total current liabilities</b>		<b>131,053,089</b>	<b>127,556,077</b>	<b>133,856,097</b>	<b>124,522,776</b>
<b>Total liabilities</b>		<b>148,277,521</b>	<b>147,575,473</b>	<b>138,704,653</b>	<b>131,357,783</b>
<b>EQUITY</b>					
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		189,487,103	170,579,540	145,824,819	124,464,893
Foreign currency translation reserve	27	-	(14,611)	-	(14,611)
Other reserves arising on business combination and re-organisations	28	(254,129,057)	(254,129,057)	(193,677,979)	(193,677,979)
Capital and reserves attributable to owners		<b>378,560,676</b>	<b>359,638,502</b>	<b>395,349,470</b>	<b>373,974,933</b>
<b>Total equity</b>		<b>378,560,676</b>	<b>359,638,502</b>	<b>395,349,470</b>	<b>373,974,933</b>
<b>Total equity and liabilities</b>		<b>526,838,197</b>	<b>507,213,975</b>	<b>534,054,123</b>	<b>505,332,716</b>

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

These financial statements were approved and authorised for issue by the board of directors on 25th February 2022 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 2021

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	Total equity N'000
<b>Balance at 1 January 2020</b>		<b>8,053,899</b>	<b>435,148,731</b>	<b>155,801,325</b>	<b>39,103</b>	<b>(254,129,057)</b>	<b>344,914,001</b>
Profit for the year		-	-	30,842,138	-	-	30,842,138
Other comprehensive income (Net of tax)		-	-	-	(53,714)	-	(53,714)
<b>Total comprehensive income for the year</b>		-	-	<b>30,842,138</b>	<b>(53,714)</b>	-	<b>30,788,424</b>
<b>Transactions with owners:</b>							
Dividends declared	33.3	-	-	(16,107,796)	-	-	(16,107,796)
Forfeited dividend		-	-	43,873	-	-	43,873
<b>Total transaction with owners</b>		-	-	<b>(16,063,923)</b>	-	-	<b>(16,063,923)</b>
<b>Balance at 31 December 2020</b>		<b>8,053,899</b>	<b>435,148,731</b>	<b>170,579,540</b>	<b>(14,611)</b>	<b>(254,129,057)</b>	<b>359,638,502</b>
<b>Balance at 1 January 2021</b>		<b>8,053,899</b>	<b>435,148,731</b>	<b>170,579,540</b>	<b>(14,611)</b>	<b>(254,129,057)</b>	<b>359,638,502</b>
Profit for the year		-	-	51,003,549	-	-	51,003,549
Other comprehensive income (Net of tax)		-	-	119,605	14,611	-	134,216
<b>Total comprehensive income for the year</b>		-	-	<b>51,123,154</b>	<b>14,611</b>	-	<b>51,137,765</b>
<b>Transaction with owners:</b>							
Dividends declared	33.3	-	-	(32,215,591)	-	-	(32,215,592)
<b>Total transaction with owners</b>		-	-	<b>(32,215,591)</b>	-	-	<b>(32,215,592)</b>
<b>Balance at 31 December 2021</b>		<b>8,053,899</b>	<b>435,148,731</b>	<b>189,487,103</b>	-	<b>(254,129,057)</b>	<b>378,560,676</b>

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

## Lafarge Africa Plc

### Consolidated and Separate Statements of Changes in Equity for the year ended 31 December 2021

Company	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	Total equity N'000
<b>Balance at 1 January 2020</b>		<b>8,053,899</b>	<b>435,148,731</b>	<b>111,857,805</b>	<b>39,103</b>	<b>(193,677,979)</b>	<b>361,421,559</b>
Profit for the year		-	-	28,714,884	-	-	28,714,884
Other comprehensive income (Net of tax)		-	-	-	(53,714)	-	(53,714)
<b>Total comprehensive income for the year</b>		-	-	<b>28,714,884</b>	<b>(53,714)</b>	-	<b>28,661,170</b>
<b>Transaction with owners:</b>							
Dividends declared	33.3	-	-	(16,107,796)	-	-	(16,107,796)
<b>Total transaction with owners</b>		-	-	<b>(16,107,796)</b>	-	-	<b>(16,107,796)</b>
<b>Balance at 31 December 2020</b>		<b>8,053,899</b>	<b>435,148,731</b>	<b>124,464,893</b>	<b>(14,611)</b>	<b>(193,677,979)</b>	<b>373,974,933</b>
<b>Balance at 1 January 2021</b>		8,053,899	435,148,731	124,464,893	(14,611)	(193,677,979)	373,974,933
Profit for the year		-	-	53,455,912	-	-	53,455,912
Other comprehensive income (Net of tax)		-	-	119,605	14,611	-	134,216
<b>Total comprehensive income for the year</b>		-	-	<b>53,575,517</b>	<b>14,611</b>	-	<b>53,590,128</b>
<b>Transaction with owners:</b>							
Dividends declared	33.3	-	-	(32,215,591)	-	-	(32,215,591)
<b>Total transaction with owners</b>		-	-	<b>(32,215,591)</b>	-	-	<b>(32,215,591)</b>
<b>Balance at 31 December 2021</b>		<b>8,053,899</b>	<b>435,148,731</b>	<b>145,824,819</b>	-	<b>(193,677,979)</b>	<b>395,349,470</b>

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

## Lafarge Africa Plc

### Consolidated and Separate Statements of Cash Flows for the year ended 31 December 2021

	Notes	Group		Company	
		31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>Cash flows from operating activities:</b>					
Profit after tax		51,003,549	30,842,138	53,455,912	28,714,884
<b>Adjustments to reconcile Profit for the year to net cash flows:</b>					
Depreciation	15.7	31,431,791	28,526,415	28,738,637	26,132,270
Impairment losses on property, plant and equipment	15	4,802,130	1,193,025	4,802,130	1,193,026
Amortization of intangible asset	16	1,225,464	1,262,858	945,942	982,546
Other non-cash items	34.3	(127,187)	(76,302)	(8,656)	(110,885)
Net unrealized foreign exchange (gain)/loss		(1,009,003)	(788,881)	(1,039,915)	(893,582)
Finance costs	12.2	5,276,309	8,821,234	4,750,213	9,298,055
Finance income	12.1	(1,740,253)	(1,176,002)	(1,900,445)	(1,099,608)
Share of profit from joint venture	17.2	(683,310)	(433,146)	(683,310)	(433,146)
Income tax expense	13.2	10,784,160	6,352,400	9,726,847	5,226,569
Minimum tax expense	13.1	466,769	377,593	466,769	377,593
Provisions and net movement on employee benefits	34.1.6	174,103	2,111,797	49,874	1,923,461
Change in net working capital	34.1	(25,108,002)	(11,721,309)	(22,231,193)	(21,521,601)
<b>Cash flows generated from operations</b>		<b>76,496,519</b>	<b>65,291,820</b>	<b>77,072,804</b>	<b>49,789,582</b>
Income taxes paid	13.6	(2,728,831)	(1,556,084)	(1,031,973)	(1,134,041)
<b>Net cash flows generated from operating activities</b>		<b>73,767,688</b>	<b>63,735,736</b>	<b>76,040,831</b>	<b>48,655,541</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	15.1	(22,575,810)	(9,935,846)	(17,131,293)	(7,585,750)
Interest received	12.3	527,487	638,705	485,883	584,730
Interest income received from related party	17.5	985,897	-	985,897	-
Proceeds from disposal of investment in joint venture (net of earn-out obligation paid)	17.5	1,211,419	-	1,211,419	-
Loan to related party received	17.5	1,944,751	-	1,944,751	-
Proceeds from sale of property, plant and equipment	34.2	15,647	475,059	15,647	458,662
<b>Net cash flows used in investing activities</b>		<b>(17,890,610)</b>	<b>(8,822,082)</b>	<b>(12,487,697)</b>	<b>(6,542,358)</b>
<b>Cash flows from financing activities</b>					
Interest paid	12.4	(5,223,520)	(7,540,737)	(4,833,576)	(7,622,970)
Dividend paid to equity holders of the company	33.4	(27,310,008)	(7,512,967)	(27,310,008)	(7,512,967)
Proceeds from loans and borrowings	29.5	14,566,748	1,834,067	14,037,942	1,499,886
Repayment of lease liabilities	29.5	(7,208,823)	(7,488,596)	(6,952,724)	(7,488,596)
Repayment of loans and borrowings	29.5	(36,045,934)	(7,759,060)	(35,180,135)	(6,403,645)
<b>Net cash used in financing activities</b>		<b>(61,221,537)</b>	<b>(28,467,293)</b>	<b>(60,238,501)</b>	<b>(27,528,292)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,344,459)</b>	<b>26,446,361</b>	<b>3,314,633</b>	<b>14,584,891</b>
Cash and cash equivalents at the beginning of the year	23.2	52,056,686	25,700,556	38,483,421	23,987,649
Effects of exchange rate changes on cash and cash equivalents		1,913,657	(90,231)	1,898,584	(89,119)
<b>Cash and cash equivalents at the end of the year</b>	23.2	<b>48,625,884</b>	<b>52,056,686</b>	<b>43,696,638</b>	<b>38,483,421</b>

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

**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 the 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 LafargeHolcim (now Holcim Group, by virtue of a name change resolution passed by the shareholders at an Annual General Meeting held on 4 May 2021).

The term 'Group' as used in this report refers to Lafarge Africa, its subsidiaries and investment in a 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, held a Court-ordered 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 became 100% owner of the issued share capital of AshakaCem. AshakaCem's main business is the manufacturing and marketing of cementitious materials. AshakaCem 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 was yet to commence operations as at 31 December 2021.

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.

On January 20, 2021, the board of directors of Lafarge Africa Plc approved the disposal of the Company's investment in Continental Blue Investment Ghana Ltd (CBI) a Company involved in development, financing and operation of a cement grinding plant in Ghana via a sale of the total equity interest held by the Company in CBI to a third party, F. Scott AG. The sale was concluded on June 30, 2021,

The Group's subsidiaries are as stated below;

31 December 2021	31 December 2020
AshakaCem Limited	AshakaCem Limited
Wapsila Nigeria Limited	Wapsila Nigeria Limited

These consolidated and separate financial statements cover the financial period from 1 January 2018 to 31 December 2018. The comparatives for 2017 have not been adjusted to suit the new Group and Company structure.

**2.1 Basis of accounting**

**i) Statement of Compliance**

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 25th February 2022. Details of the Group and Company's accounting policies, including changes thereto are included in Note 2.2.2.

**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

**Functional and presentation currency**

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

**2.2 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 2021 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.

**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

### **2.2.1 Going concern**

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

### **2.2.2 Standards and Interpretations issued but not yet effective**

A number of new standards are effective for annual periods beginning after 1 January 2022 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 is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate.

The comparatives are not restated. The Group has determined that all contracts existing at 31 December 2021 will be completed before the amendments become effective.

#### **B. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)**

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

#### **C. Other standards**

The following new and amended standards are not expected to have a significant impact on the Group’s consolidated financial statements.

<b>Standard/Interpretation</b>	<b>Date issued by IASB</b>	<b>Effective date Period beginning on or after</b>	<b>Summary of the requirements and impact assessment</b>	
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements 2018- 2020	May 2020	1 January 2022	<ul style="list-style-type: none"> <li>• IFRS 1 First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.</li> <li>IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.</li> <li>IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.</li> <li>IAS 41 Agriculture - The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.</li> </ul>

C. Other standards (Contd.)

Standard/Interpretation		Date issued by IASB	Effective date Period beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	May 2020	1 January 2022	<p>The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management. As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. Companies will therefore need to distinguish between:</p> <ul style="list-style-type: none"> <li>• costs associated with producing and selling items before the item of property, plant and equipment is available for use; and</li> <li>• costs associated with making the item of property, plant and equipment available for its intended use. Making this allocation of costs may require significant estimation and judgement.</li> </ul> <p>The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin. The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.</p>
Amendments to IAS 1	Classification of liabilities as current or non-current	January 2020	1 January 2023	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.</p> <p>The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation. The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.</p>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure Initiative: Accounting Policies	Feb-21	1 January 2023	<p>The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> <li>• requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements;</li> </ul> <p>The amendments are consistent with the refined definition of material: “Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”. The amendments are effective from 1 January 2023.</p>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2024	The effective date of this amendment has been deferred indefinitely by the IASB.	<p>The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a ‘business’ under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors’ interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.</p> <p>When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors’ interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely.</p>

**C. Other standards (Contd.)**

<b>Standard/Interpretation</b>	<b>Date issued by IASB</b>	<b>Effective date</b>	<b>Summary of the requirements and impact assessment</b>
Amendments to IAS 8	Feb-21	1 January 2023	<p>This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarifies the following:</p> <ul style="list-style-type: none"> <li>• an entity develops an accounting estimate to achieve the objective set out by an accounting policy.</li> <li>• developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.</li> <li>• a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.</li> <li>• a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period.</li> </ul> <p>The effect, if any, on future periods is recognised as income or expense in those future periods. The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p>

**2.3 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.

**2.4 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Common control business combination and re-organization:

The Group uses the acquisition 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

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (P)). The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

**ii) Non-controlling interests**

NCI are 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**

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 2.12.

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.

**2.5 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."

**2.6 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).

**2.7 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.

**2.8 Finance income and finance costs**

The Group's finance income and finance costs include: - interest income - interest expense - the foreign currency gain or loss on financial assets and financial liabilities. 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.

## **2.9 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.

## **2.10 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.

**2.11 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.

**2.12 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.

**2.13 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.

**2.14 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.

**2.15 Financial instruments**

**2.15.1 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 - Assessment**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent.

**Financial assets - Subsequent measurement and gains and losses**

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.

**2.15.2 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.

**2.15.3 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.

**2.15.4 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.

**2.15.5 Impairment of financial assets**

**(i) Non-derivative financial**

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 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.

**2.16 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:

	<b>Useful life</b>
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.

#### **2.16.1 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.

#### **2.17 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.

#### **2.17.1 Software**

Intangible assets primarily include software costs and are amortized using the straight-line method over their estimated useful life of 3years 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.

## **2.18 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.

## **2.19 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.

### **2.19.1 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.

### **2.19.2 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.

## **2.20 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.

## **2.21 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.

**2.22 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

**2.23 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.

**2.24 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.

**2.25 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.

**2.26 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.

**2.27 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 2.11.

**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 30.1.

**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 32.

**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 2.19.

**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. See note 20.1.

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 fulfil 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 frame work. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### (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 mitigates 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Trade receivables - Net (Note 22)	2,512,634	2,094,834	7,152,841	4,462,570
Other receivables (Note 22)	4,684,120	2,934,079	25,224,311	21,793,214
Other financial assets (Note 18) **	19,035,529	2,696,228	18,975,911	2,693,886
Cash and cash equivalents (Note 23)	50,057,345	53,322,980	45,128,099	39,749,715
Derivative assets	-	18,905	-	-
	<b>76,289,628</b>	<b>61,067,026</b>	<b>96,481,162</b>	<b>68,699,385</b>

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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>Neither past due nor impaired (Stage 1)</b>				
0 - 30 days	1,228,224	1,513,272	5,934,218	3,911,160
<b>Past due but not impaired (Stage 2)</b>				
The ageing of amounts past due but not impaired is as follows:				
31 - 60 days	415,314	233,402	413,797	206,426
61 - 90 days	381,162	121,968	372,585	119,951
Over 90 days	487,934	226,192	432,241	225,033
	<b>1,284,410</b>	<b>581,562</b>	<b>1,218,623</b>	<b>551,410</b>
<b>Impaired (Stage 3)</b>				
Credit impaired	280,495	254,892	269,431	244,970
Total amount exposed to credit risk (Gross)	<b>2,793,129</b>	<b>2,349,726</b>	<b>7,422,272</b>	<b>4,707,540</b>
Impairment allowance (Note 22.3)	(280,495)	(254,892)	(269,431)	(244,970)
Total amount exposed to credit risk (Net)	<b>2,512,634</b>	<b>2,094,834</b>	<b>7,152,841</b>	<b>4,462,570</b>

Management believes that the unimpaired amounts that are past due by less than 90 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 2021**

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 2021	Weighted average loss rate	Gross carrying amount	Loss Allowance Credit Impaired	
		N'000	N'000	
0-30	0.05%	1,263,326	598	Yes
31-60	0.11%	392,685	443	Yes
61-90	0.19%	376,230	715	Yes
Over 90days	36.63%	760,889	278,739	Yes
		<b>2,793,130</b>	<b>280,495</b>	

As at 31 December 2020	Weighted average loss rate	Gross carrying amount	Loss Allowance Credit Impaired	
		N'000	N'000	
0-30	0.00%	1,278,557	-	No
31-60	0.00%	224,149	-	No
61-90	0.00%	119,951	-	No
Over 90days	52.57%	484,845	254,892	Yes
		<b>2,107,502</b>	<b>254,892</b>	

**Company**

As at 31 December 2021	Weighted average loss rate	Gross carrying amount	Loss Allowance Credit Impaired	
		N'000	N'000	
0-30	0.04%	1,164,563	417	Yes
31-60	0.11%	391,167	443	Yes
61-90	0.19%	367,653	698	Yes
Over 90days	38.59%	694,133	267,873	Yes
		<b>2,617,516</b>	<b>269,431</b>	

As at 31 December 2020	Weighted average loss rate	Gross carrying amount	Loss Allowance Credit Impaired	
		N'000	N'000	
0-30	0.00%	1,196,890	-	No
31-60	0.00%	205,604	-	No
61-90	0.00%	119,951	-	No
Over 90days	51.57%	475,032	244,970	Yes
		<b>1,997,477</b>	<b>244,970</b>	

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 (2021). The credit ratings of the banks with the bank balances are shown below.

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Cash at bank	N'000	N'000	N'000	N'000
AAA	-	4,704,692	-	4,694,264
A+	25,467,239	3,760,193	23,081,662	3,760,192
A-	-	12,747,955	-	4,213,780
B	19,503,950	2,071,788	18,682,878	1,668,303
B-	3,654,695	28,772,059	1,932,098	24,146,882
	48,625,884	52,056,687	43,696,638	38,483,421
Restricted cash at bank	1,431,461	1,266,294	1,431,461	1,266,294
Total cash and cash equivalents	<b>50,057,345</b>	<b>53,322,981</b>	<b>45,128,099</b>	<b>39,749,715</b>

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 (2020: nil) at year end

#### 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%.
- N55.3 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.

##### Group

31 December 2021	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
<b>Non derivative financial instruments</b>					
Interest-bearing loans and borrowings	23,287,321	24,436,825	21,170,578	2,624,326	641,921
Trade and other payables**	53,594,594	53,594,594	53,594,594	-	-
	<b>76,881,915</b>	<b>78,031,419</b>	<b>74,765,172</b>	<b>2,624,326</b>	<b>641,921</b>
<b>31 December 2020</b>					
<b>Non derivative financial instruments</b>					
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	-	-
	<b>99,030,562</b>	<b>107,495,715</b>	<b>98,209,532</b>	<b>8,361,755</b>	<b>924,428</b>
<b>Company</b>					
<b>31 December 2021</b>					
<b>Non derivative financial instruments</b>					
Interest-bearing loans and borrowings	19,661,211	20,526,615	19,124,295	984,959	417,361
Trade and other payables**	66,467,386	66,467,386	66,467,386	-	-
	<b>86,128,597</b>	<b>86,994,001</b>	<b>85,591,681</b>	<b>984,959</b>	<b>417,361</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

31 December 2020	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
<b>Non derivative financial instruments</b>					
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>102,190,710</u>	<u>5,521,112</u>	<u>705,309</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.

##### Exposure to 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<i>Naira denominated fixed rates</i>				
Power Fund (7%, 5%)	3,268,947	5,341,967	903,795	2,381,928
Bond (14.25%/14.75%)	-	34,083,978	-	34,083,978
Lease liabilities (7.95% - 17.8%)	3,013,586	7,868,846	2,615,561	7,859,810
Short term bank loans (7% - 12.0% p.a)	17,004,788	2,438,039	16,141,855	2,103,913
	<u>23,287,321</u>	<u>49,732,830</u>	<u>19,661,211</u>	<u>46,429,629</u>
<b>Total</b>	<b>23,287,321</b>	<b>49,732,830</b>	<b>19,661,211</b>	<b>46,429,629</b>

##### Floating interest rate (variable rate):

The financial assets with floating interest rates are shown below;

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<i>Foreign denominated variable rates</i>				
Loan to CBI Ghana (12 months LIBOR +11%)	-	2,631,490	-	2,631,490
	<u>-</u>	<u>2,631,490</u>	<u>-</u>	<u>2,631,490</u>

##### 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<i>Foreign denominated variable rates</i>				
Interest rates- decrease by 200 basis point	-	(52,630)	-	(52,630)
Interest rates- Increase by 200 basis point	-	52,630	-	52,630

##### (ii) Currency 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 2021. 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.

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### Exposure to currency risk

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

	31 Dec 2021		31 Dec 2020	
	Average rates	Closing rates	Average rates	Closing rates
US Dollars	512.58	505.00	411.19	470.00
Euros	580.23	571.65	469.56	577.25
GBP (Great Britain Pounds)	690.59	680.38	527.96	641.97
ZAR	32.12	31.65	25.14	31.95
CHF	558.99	550.73	438.55	533.40

#### Foreign currency denominated balances

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	000	000	000	000
<b>US Dollar</b>				
<b>Financial assets</b>				
Cash and cash equivalents	38,044	12,132	38,044	11,742
Loan receivables	-	5,599	-	5,599
<b>Financial liabilities</b>				
Borrowings	(24,487)	-	(24,487)	-
Trade and other payables	(42,708)	(14,399)	(37,865)	(10,075)
Net financial (liabilities)/asset	(29,151)	3,332	(24,308)	7,266
<b>Euro</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	64	-	58
<b>Financial liabilities</b>				
Borrowings	(5,734)	-	(5,734)	-
Trade and other payables	(17,085)	(5,926)	(16,466)	(5,548)
Net financial (liabilities)/asset	(22,819)	(5,862)	(22,200)	(5,490)
<b>GBP</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	3	-	-
<b>Financial liabilities</b>				
Borrowings	(633)	-	(633)	-
Trade and other payables	(472)	(12)	(440)	(34)
Net financial (liabilities)/asset	(1,105)	(9)	(1,073)	(34)
<b>ZAR</b>				
<b>Financial liabilities</b>				
Borrowings	(1,587)	-	(1,587)	-
Trade and other payables	(1,337)	(2,501)	(859)	(2,161)
Net financial (liabilities)/asset	(2,924)	(2,501)	(2,446)	(2,161)

#### 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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>US Dollar</b>				
Increase in exchange rate by 21%	(3,137,836)	287,660	(2,616,531)	627,401
Decrease in exchange rate by 21%	3,137,836	(287,660)	2,616,531	(627,401)
<b>Euro</b>				
Increase in exchange rate by 21%	(2,780,452)	(578,121)	(2,705,028)	(541,333)
Decrease in exchange rate by 21%	2,780,452	578,121	2,705,028	541,333
<b>GBP</b>				
Increase in exchange rate by 21%	(160,252)	(1,042)	(155,611)	(3,707)
Decrease in exchange rate by 21%	160,252	1,042	155,611	3,707
<b>ZAR</b>				
Increase in exchange rate by 21%	(19,723)	(13,204)	(16,499)	(11,408)
Decrease in exchange rate by 21%	19,723	13,204	16,499	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.

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

The gearing ratios at 31 December 2020 and 31 December 2021 were as follows:

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Total borrowings	23,287,321	49,732,830	20,555,913	47,233,357
Less: Cash and cash equivalents excluding bank overdrafts	50,057,345	53,322,980	45,128,099	39,749,715
Net (cash)/ debt	(26,770,024)	(3,590,150)	(24,572,186)	7,483,642
Total equity	378,560,676	359,638,502	395,349,470	373,974,933
<b>Total capital</b>	<b>351,790,652</b>	<b>356,048,352</b>	<b>370,777,284</b>	<b>381,458,575</b>
<b>Gearing ratio</b>	<b>(0.07)</b>	<b>(0.01)</b>	<b>(0.06)</b>	<b>0.02</b>

#### 4.3 Accounting classification and fair values

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 are 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 2021		31 December 2020	
	Fair value N'000	Carrying Value N'000	Fair value N'000	Carrying Value N'000
<b>Financial Assets</b>				
<i>Financial Assets classified at amortised cost</i>				
Trade and other receivables	7,196,754	7,196,754	5,028,913	5,028,913
Financial assets (excluding non-deliverable futures)	6,324,051	6,324,051	6,324,051	6,324,051
Cash and cash equivalents	50,057,345	50,057,345	53,322,980	53,322,980
<b>Financial Assets classified at fair value through profit or loss:</b>				
Derivative assets	-	-	18,905	18,905
<b>Financial Liabilities</b>				
<i>Financial liabilities classified as amortised cost</i>				
Trade and other payables**	53,594,594	53,594,594	49,297,732	49,297,732
Borrowings	23,287,321	23,287,321	49,732,830	49,732,830
	Company			
	31 December 2021		31 December 2020	
	Fair value N'000	Carrying Value N'000	Fair value N'000	Carrying Value N'000
<b>Financial Assets</b>				
<i>Financial Assets classified at amortised cost</i>				
Trade and other receivables	32,377,152	32,377,152	26,255,784	26,255,784
Financial assets	6,321,709	6,321,709	6,321,709	6,321,709
Cash and cash equivalents	45,128,099	45,128,099	39,749,715	39,749,715
<b>Financial Liabilities</b>				
<i>Financial liabilities classified at amortised cost</i>				
**Trade and other payables	66,467,386	66,467,386	54,321,390	54,321,390
Borrowings	20,555,913	20,555,913	47,233,357	47,233,357

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

#### 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.

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 maximize 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) are the chief operating decision makers 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:

<b>Cement</b>	Established for the business of cement production. This segment has three major business operations within Nigeria which are the South-West operations, the Southern Nigeria operations and the Northern Nigeria operations.
<b>Readymix products</b>	Established for the business of concrete. This segment has operations currently in Lagos, Abuja, Port-Harcourt, and Ewekoro and is expected to expand to other states of Nigeria in the near future.
<b>Other concrete products</b>	Established for the business of concrete solutions.

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. 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 single customer contributed revenue in excess of 10% of the total revenue of any segment

**5.1 Segment Information by Product line**

	External revenue		Gross revenue	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Cement	285,122,310	226,178,496	287,217,004	228,003,738
Readymix products	7,625,283	4,292,151	7,625,283	4,292,151
Others	338,590	102,275	338,590	102,275
<b>Total</b>	<b>293,086,183</b>	<b>230,572,922</b>	<b>295,180,877</b>	<b>232,398,164</b>

Revenue from internal customers of N2.1 billion (2020:N1.83 billion) has been eliminated on consolidation.

	31 Dec 2021		Total N'000
	Cement N'000	Aggregate and others N'000	
<b>Revenue</b>	<b>285,122,310</b>	<b>7,963,873</b>	<b>293,086,183</b>
Production cost of sales	(146,261,647)	(4,229,988)	(150,491,635)
Other Income	591,932	95,160	687,092
Other expenses	(77,367,702)	(792,744)	(78,160,446)
<b>Operating profit</b>	<b>62,084,893</b>	<b>3,036,301</b>	<b>65,121,194</b>

	31 Dec 2020		Total N'000
	Cement N'000	Aggregate and others N'000	
<b>Revenue</b>	<b>226,178,496</b>	<b>4,394,426</b>	<b>230,572,922</b>
Production cost of sales	(120,544,863)	(3,011,698)	(123,556,561)
Other Income	784,910	191,243	976,153
Other expenses	(61,927,868)	(391,507)	(62,319,375)
<b>Operating profit</b>	<b>44,490,675</b>	<b>1,182,464</b>	<b>45,673,139</b>

	31 Dec 2021		Total N'000
	Cement N'000	Aggregate and others N'000	
<b>Statement of financial position by segment:</b>			
Property, plant & equipment	336,591,212	2,130,535	338,721,747
Other non current assets	50,473,816	1,067,750	51,541,566
Current assets	135,456,725	1,118,159	136,574,884
<b>Total assets</b>	<b>522,521,753</b>	<b>4,316,444</b>	<b>526,838,197</b>
Non current liabilities	(17,465,854)	241,422	(17,224,432)
Current liabilities	(132,881,182)	1,828,093	(131,053,089)
<b>Net assets/(liabilities)</b>	<b>372,174,717</b>	<b>6,385,959</b>	<b>378,560,676</b>

	31 Dec 2020		Total N'000
	Cement N'000	Aggregate and others N'000	
<b>Statement of financial position by segment:</b>			
Property, plant & equipment	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
<b>Total assets</b>	<b>501,889,112</b>	<b>5,324,863</b>	<b>507,213,975</b>
Non current liabilities	(20,473,933)	454,537	(20,019,396)
Current liabilities	(129,143,163)	1,587,086	(127,556,077)
<b>Net assets/(liabilities)</b>	<b>352,272,016</b>	<b>7,366,486</b>	<b>359,638,502</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>6 Revenue</b>				
Sale of goods	293,086,183	230,572,922	262,299,071	202,530,359
The following is an analysis of revenue by product:				
Cement	285,122,310	226,178,496	254,338,450	198,135,933
Aggregate and concrete	7,625,283	4,292,151	7,625,283	4,292,151
Other products (Note 6.1)	338,590	102,275	335,338	102,275
	<b>293,086,183</b>	<b>230,572,922</b>	<b>262,299,071</b>	<b>202,530,359</b>

6.1 Other products represent revenue earned from the sale of mortar

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>7 Cost of sales (Production)</b>				
Variable costs (Note 7.1)	88,534,899	60,848,359	73,528,082	51,189,198
Production fixed costs (Note 7.2)	12,396,059	23,821,180	5,473,125	17,221,972
Maintenance costs	14,609,335	8,470,505	13,366,828	7,607,650
Depreciation (Note 15)	30,136,307	27,350,037	27,937,649	25,323,726
Impairment of property, plant and equipment (Note 15)	4,802,130	1,193,025	4,802,130	1,193,026
Amortisation of intangible assets (Note 16.1)	26,876	33,409	26,876	33,409
	<b>150,505,605</b>	<b>121,716,515</b>	<b>125,134,689</b>	<b>102,568,981</b>
<b>7.1 Variable costs</b>				
Fuel and power	51,508,789	38,641,203	41,085,241	29,380,296
Raw materials and consumables	37,026,110	22,207,156	32,442,841	21,808,902
	<b>88,534,899</b>	<b>60,848,359</b>	<b>73,528,082</b>	<b>51,189,198</b>

7.2 Production costs

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

7.3 Distribution costs

During 2021, the group and company modified the classification of distribution costs on its products to reflect more appropriately the nature of the expense, which is consistent with the accounting policy of the group and company. Comparative amounts in the statement of profit or loss were reclassified for consistency. As a result, ₦52.5 billion (2020: ₦41.6 billion) for the Group and ₦47.8 billion (2020: ₦36.5 billion) for the Company relating to distribution costs were reclassified from cost of sales to selling and distribution costs.

#### Consolidated and separate statements of profit or loss

	Group		
	As reported in 2020 financial year N'000	Reclassification/ Presentation N'000	2020 comparative re-presentation N'000
Cost of sales	(163,332,552)	41,616,037	(121,716,515)
<b>Impact on gross profit</b>		<b>41,616,037</b>	
Selling and distribution costs	(4,221,185)	(41,616,037)	(45,837,222)
<b>Impact on operating profit</b>		<b>-</b>	
	Company		
	As reported in 2020 financial year N'000	Reclassification/ Presentation N'000	2020 comparative re-presentation N'000
Cost of sales	(139,054,949)	36,485,968	(102,568,981)
<b>Impact on gross profit</b>		<b>36,485,968</b>	
Selling and distribution costs	(4,221,003)	(36,485,968)	(40,706,971)
<b>Impact on operating profit</b>		<b>-</b>	

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>8 Selling and distribution costs</b>				
Distribution variable costs	47,323,492	39,835,362	43,538,373	35,381,496
Distribution fixed costs	5,832,411	1,780,675	4,322,748	1,104,472
Advertising expenses	1,038,358	780,786	1,038,358	780,786
Campaign and innovation expenses	21	44,913	21	44,913
Marketing staff salaries and other related costs	2,782,091	3,395,486	2,782,090	3,395,304
	<b>56,976,373</b>	<b>45,837,222</b>	<b>51,681,590</b>	<b>40,706,971</b>

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>9 Administrative expenses by nature</b>				
Salaries and other staff related costs	8,620,212	6,190,070	8,628,116	6,190,070
Directors' costs (Note 38.2)	81,669	117,320	81,669	117,320
AGM Costs	69,783	65,441	69,783	65,441
Audit fees	107,500	100,000	91,375	85,000
Community relations	380,370	210,818	380,370	210,818
Fuel	30,304	23,616	30,304	23,616
Insurance	213,142	2,436	213,142	2,436
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	135,560	618,086	161,253	618,086
Rent	19,904	69,166	19,904	69,166
Consultancy fees	609,053	597,683	608,978	596,189
Repair and maintenance	9,168	44,028	9,168	44,028
Security Cost	104,436	59,122	104,436	59,122
Training	301,611	184,948	301,611	184,948
Travel	156,451	282,379	156,451	280,457
Office and general expenses (Note 9.2)	1,284,031	1,755,639	1,242,124	1,656,105
Depreciation (Note 15.7)	1,295,484	1,176,379	800,988	808,544
Amortisation of intangible assets (Note 16.1)	1,198,588	1,229,449	919,066	949,137
Technical service fees (Note 9.4)	4,542,142	3,576,134	4,239,457	3,547,875
	<b>21,158,470</b>	<b>18,301,776</b>	<b>20,057,257</b>	<b>17,507,420</b>

#### 9.1 Advance payment of taxes and levies

In 2020, the Company renewed an agreement with the Cross River 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 renewed agreement, which is for a three-year period which commenced in April 2020, 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 ₦2 billion relates to the current financial year. ₦0.8 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 ₦0.8 billion (under Note 8 - Distribution variable cost) and Administrative expenses ₦2 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 ₦9.2 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 agreement expiry date is on 31 December 2021. The total technical service fees payable at year end for the Group and Company amounted to ₦4.3 billion (2020: ₦3.9 billion).

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>10 Other income</b>				
Gain on disposal of property, plant and equipment (Note 10.1)	89,742	237,369	89,742	224,949
Government grants (Note 10.2)	381,646	292,010	110,732	110,733
Gain on disposal of investment in joint venture (Note 17.4)	133,922	-	133,922	-
Sale of scraps and other miscellaneous income (Note 10.3)	81,782	446,772	80,516	628,049
	<b>687,092</b>	<b>976,151</b>	<b>414,912</b>	<b>963,731</b>

#### 10.1 Gain on disposal of property, plant and equipment

This represents gain on disposal of the Company's motor vehicles and machineries owned by the Company (Note 10)

#### 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).

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>11 Other operating expenses</b>				
Write off of property, plant and equipment	-	41,026	-	41,026
	<b>-</b>	<b>41,026</b>	<b>-</b>	<b>41,026</b>

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>11.2 Impairment loss/(reversal) on trade receivables</b>				
Impairment loss/(reversal) on trade and other receivables	25,603	(20,605)	24,461	(19,316)
	<b>25,603</b>	<b>(20,605)</b>	<b>24,461</b>	<b>(19,316)</b>

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>12 Finance income and costs</b>				
<b>12.1 Interest income under the effective interest method and other finance income:</b>				
Interest income on current accounts	527,487	766,445	485,883	690,051
Other finance income	26,878	123,351	26,879	123,351
Interest on loan receivable	-	286,206	-	286,206
<b>Finance income per statement of cash flows</b>	<b>554,365</b>	<b>1,176,002</b>	<b>512,762</b>	<b>1,099,608</b>
Foreign exchange gain (net)	1,185,888	-	1,387,683	-
<b>Finance income</b>	<b>1,740,253</b>	<b>1,176,002</b>	<b>1,900,445</b>	<b>1,099,608</b>

#### 12.2 Finance costs:

Interest on borrowings (Note 29.5)	(3,763,760)	(7,859,989)	(3,380,277)	(8,418,695)
Unwinding of discount on provisions (Note 30.1)	(140,460)	(66,636)	(75,559)	(66,636)
Interest cost on employees long service award (Note 32.2)	(122,262)	(167,311)	(102,680)	(138,044)
Interest cost on staff gratuities (Note 32.3)	(29,400)	(97,072)	(29,400)	(97,072)
Bank charges & other interest cost	(1,220,427)	(630,226)	(1,162,297)	(577,608)
<b>Finance costs per statement of cash flows</b>	<b>(5,276,309)</b>	<b>(8,821,234)</b>	<b>(4,750,213)</b>	<b>(9,298,055)</b>
Foreign exchange loss (net)	-	(888,922)	-	(604,661)
<b>Finance costs</b>	<b>(5,276,309)</b>	<b>(9,710,156)</b>	<b>(4,750,213)</b>	<b>(9,902,716)</b>

#### Net finance cost recognised in the profit or loss

	<b>(3,536,056)</b>	<b>(8,534,154)</b>	<b>(2,849,768)</b>	<b>(8,803,108)</b>
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Bank charges represent letter of credit charges, over-the-counter (OTC) charges for non-deliverable futures and other bank account operational charges

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>12.3 Interest received per statement of cash flows</b>				
Finance income per profit or loss	527,487	1,176,002	485,883	1,099,608
Interest receivable	-	(537,297)	-	(514,878)

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

Interest received per statement of cash flows	<b>527,487</b>	<b>638,705</b>	<b>485,883</b>	<b>584,730</b>
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#### 12.4 Interest paid per statement of cash flows

Finance costs per profit or loss	(5,276,309)	(9,710,156)	(4,750,213)	(9,902,716)
Interest payable/(receivable) /offset	(239,333)	949,478	(291,002)	1,373,333
Non-cash interest charged to profit or loss	292,122	331,019	207,639	301,752
Foreign exchange loss (net)	-	888,922	-	604,661
Interest paid per statement of cash flows	<b>(5,223,520)</b>	<b>(7,540,737)</b>	<b>(4,833,576)</b>	<b>(7,622,970)</b>

#### 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
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
<b>13.1 Minimum tax charge recognised in profit or loss</b>	466,769	377,593	466,769	377,593

#### 13.2 Income tax expense recognised in profit or loss

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
<b>Current taxation</b>				
Company income tax	1,207,988	1,565,212	-	-
Education tax	1,442,433	754,793	1,308,286	629,000
Capital gains tax	358,164	7,490	358,164	7,490
Total current tax expense	3,008,585	2,327,495	1,666,450	636,490
<b>Deferred taxation</b>				
Deferred tax charge to profit or loss (Note 13.7)	7,775,575	4,024,905	8,060,397	4,590,079
Income tax expense	10,784,160	6,352,400	9,726,847	5,226,569
Income tax expense	<b>10,784,160</b>	<b>6,352,400</b>	<b>9,726,847</b>	<b>5,226,569</b>

The Company's operating results for the year ended 31 December 2021 when adjusted for tax purposes, resulted in a nil taxable income. Accordingly, no provision has been made for Company Income tax. In accordance with the provisions of the Companies Income Tax Act C21 LFN 2004, the Company is liable to Minimum tax. See Note 13.1.

#### 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
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Profit before tax from continuing operations before income tax expense	62,254,478	37,572,131	63,649,528	34,319,046
Tax calculated at statutory tax rate of 30%	18,676,343	11,271,639	19,094,859	10,295,714
Impact of disallowable expenses for tax purpose	3,719,849	672,210	2,358,434	602,583
Impact of non taxable income	(1,175,409)	(12,342)	(1,152,704)	-
Changes in estimate relating to prior year	(146,333)	(2,577,048)	(57,153)	(2,543,876)
Impact of education tax	1,534,584	754,793	1,308,286	629,000
Effect of pioneer status	(12,183,039)	(3,764,342)	(12,183,039)	(3,764,342)
Impact of capital gains tax	358,164	7,490	358,164	7,490
Income tax expense recognised in profit or loss	10,784,160	6,352,400	9,726,847	5,226,569
Effective tax rate	17%	17%	15%	15%

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 13.4 Income tax recognised in other comprehensive income

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Deferred tax arising on:				
Remeasurement of defined benefit obligation	(51,259)	-	(51,259)	-

#### 13.5 Current tax liabilities

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Balance at 1 January	3,078,461	1,929,457	1,109,137	1,229,095
<b>Charge for the year:</b>				
Company income tax	1,207,988	1,565,212	-	-
Education tax	1,442,433	754,793	1,308,286	629,000
Capital gains tax	358,164	7,490	358,164	7,490
Minimum tax	466,769	377,593	466,769	377,593
	6,553,815	4,634,545	3,242,356	2,243,178
Payment during the year	(2,728,831)	(1,556,084)	(1,031,973)	(1,134,041)
<b>At 31 December</b>	<b>3,824,984</b>	<b>3,078,461</b>	<b>2,210,383</b>	<b>1,109,137</b>

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

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Current income tax liabilities paid (Note 13.5)	(2,728,831)	(1,556,084)	(1,031,973)	(1,134,041)
<b>Total current income taxes paid</b>	<b>(2,728,831)</b>	<b>(1,556,084)</b>	<b>(1,031,973)</b>	<b>(1,134,041)</b>

#### 13.7 Deferred taxation

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

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Deferred tax assets	15,292,417	23,404,073	15,292,417	23,404,073
Deferred tax liabilities	(9,116,700)	(9,401,523)	-	-
<b>Deferred tax assets net</b>	<b>6,175,717</b>	<b>14,002,550</b>	<b>15,292,417</b>	<b>23,404,073</b>

#### Group

##### Deferred tax liabilities/(assets):

	At 1 January 2021 N'000	Reclassification N'000	(Credit)/ charge to P/L N'000	(Credit)/ charge to OCI N'000	At 31 December 2021 N'000
Property, plant and equipment	(1,425,289)	(2,834,287)	5,818,717	-	1,559,141
Provisions and other liabilities	(6,695,493)	2,803,626	(222,426)	-	(4,114,293)
Unutilised tax losses	(1,613,179)	-	1,613,179	-	-
Employment benefit obligation	101,530	-	-	51,259	152,789
Unrealised exchange differences	(4,370,119)	30,661	566,105	-	(3,773,354)
<b>Total deferred tax (assets)/liabilities</b>	<b>(14,002,550)</b>	<b>-</b>	<b>7,775,575</b>	<b>51,259</b>	<b>(6,175,717)</b>

##### 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)
<b>Total deferred tax (assets)/liabilities</b>	<b>(18,027,455)</b>	<b>4,024,905</b>	<b>-</b>	<b>(14,002,550)</b>

## Lafarge Africa Plc

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

<b>Company</b>	<b>At 1 January 2021</b>	<b>Reclassification</b>	<b>(Credit)/ charge to P/L</b>	<b>(Credit)/ charge to OCI</b>	<b>At 31 December 2021</b>
<b>Deferred tax assets/(liabilities):</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Property, plant and equipment	(11,668,254)	(2,834,287)	6,135,438	-	(8,367,104)
Unutilised tax losses	(1,613,181)	-	1,613,181	-	-
Provisions and other liabilities	(5,862,892)	2,803,626	(188,224)	-	(3,247,490)
Unrealised exchange differences	(4,259,746)	30,661	500,002	-	(3,729,082)
Post employment benefit obligation	-	-	-	51,259	51,259
<b>Total deferred tax (assets)/liabilities</b>	<b>(23,404,073)</b>	<b>-</b>	<b>8,060,397</b>	<b>51,259</b>	<b>(15,292,417)</b>
<b>Deferred tax liabilities/ (assets):</b>	<b>At 1 January 2020</b>		<b>(Credit)/ charge to P/L</b>	<b>(Credit)/ charge to OCI</b>	<b>At 31 December 2020</b>
	<b>N'000</b>		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
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)
<b>Total deferred tax liabilities/(assets)</b>	<b>(27,994,154)</b>		<b>4,590,081</b>	<b>-</b>	<b>(23,404,073)</b>

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

	<b>Group</b>	<b>31 Dec</b>	<b>Company</b>	<b>31 Dec</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Profit before minimum tax is stated after charging/(crediting):	62,254,478	37,572,131	63,649,528	34,319,046
Depreciation of property, plant and equipment (Note 15)	31,431,791	28,526,416	28,738,637	26,132,270
Amortisation and impairment of intangible assets (Note 16)	1,225,464	1,262,858	945,942	982,546
Impairment of property, plant and equipment (Note 15)	4,802,130	1,193,025	4,802,130	1,193,026
Write off of assets (Note 11)	-	41,026	-	41,026
Directors' emoluments (Note 38)	81,669	117,320	81,669	117,320
Audit fees (Note 9)	107,500	100,000	91,375	85,000
Technical service fees (Note 9)	4,542,142	3,576,134	4,239,457	3,547,875
Gain on disposal of PPE (Note 10)	(89,742)	(237,369)	(89,742)	(224,949)
Foreign exchange (gain)/loss (Note 12)	(1,185,888)	888,922	(1,387,683)	604,661
Interest income on current account (Note 12.1)	(527,487)	(766,445)	(485,883)	(690,051)

## Lafarge Africa Plc

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

### 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
<b>Cost:</b>												
<b>As at 1 January 2020</b>	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
Reclassification from CWIP	-	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
Impairment	-	-	(38,489)	-	-	-	-	-	-	(1,154,536)	-	(1,193,025)
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
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)
<b>As at 31 December 2020</b>	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
<b>Cost:</b>												
<b>As at 1 January 2021</b>	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
Capital expenditure	-	-	-	-	-	-	-	-	-	23,493,625	-	23,493,625
Reclassification from CWIP	-	184,079	12,806,006	-	92,924	1,117,371	-	-	-	(14,200,380)	-	-
Addition to right of use assets	-	-	-	-	-	-	-	-	-	-	2,593,745	2,593,745
Reclassification (to)/from inventories	-	-	-	(1,595)	-	-	-	-	-	-	-	(1,595)
Reclassification from advance payment to supplier	-	-	(25,558)	-	-	-	-	-	-	673,979	-	648,421
Disposals	-	-	(27,229)	-	-	(94,330)	-	-	-	-	-	(121,559)
Modification of right of use assets	-	-	-	-	-	-	-	-	-	-	(54,704)	(54,704)
<b>As at 31 December 2021</b>	14,866,389	116,321,154	345,767,234	2,955,454	1,397,051	5,096,876	1,951,116	-	1,959,013	52,925,653	32,076,173	575,316,114
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
<b>Accumulated depreciation and impairment losses:</b>												
<b>As at 1 January 2020</b>	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	-	-	50,453	-	-	(50,453)	-	-	-	-	-	-
On disposals	-	-	(411,258)	-	-	(396,918)	-	-	-	-	-	(808,176)
Impairment	-	-	(2,543)	-	-	-	-	-	-	-	-	(2,543)
<b>As at 31 December 2020</b>	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

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

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
<b>As at 1 January 2021</b>	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
Charge for the year	72,435	3,927,588	17,627,005	309,273	86,977	328,656	202,403	43,702	-	-	8,833,751	31,431,791
On disposals	-	-	(27,229)	-	-	(42,355)	-	-	-	-	-	(69,584)
Impairment loss	-	13,969	4,788,161	-	-	-	-	-	-	-	-	4,802,130
<b>As at 31 December 2021</b>	4,924,640	36,407,715	142,460,421	1,615,708	1,157,917	3,369,375	1,734,503	43,702	188,538	16,144,134	28,547,714	236,594,367
<b>Carrying amount</b>												
<b>As at 31 December 2021</b>	9,941,749	79,913,439	203,306,813	1,339,746	239,134	1,727,501	216,613	(43,702)	1,770,475	36,781,519	3,528,459	338,721,747
<b>At 31 December 2020</b>	10,014,184	83,670,917	212,941,530	1,650,614	233,187	990,761	419,016	-	1,770,475	26,814,296	9,823,169	348,328,150

\*\*See note 15.8 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
<b>As at 1 January 2020</b>	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
Reclassification from CWIP	-	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
Disposals	-	-	(288,209)	-	-	(629,851)	-	-	-	-	-	(918,060)
Impairment	-	-	(38,489)	-	-	-	-	-	-	(1,154,536)	-	(1,193,026)
Reclassification	-	-	(260,409)	-	-	188,192	-	-	-	72,217	-	-
Reclassification (to)/from inventories	-	-	-	(228,381)	-	-	-	-	-	-	-	(228,381)
Reclassification from advance payment to supplier	-	-	25,556	-	-	-	-	-	-	686,669	-	712,225
Write-offs	-	-	(43,569)	-	-	-	-	-	-	-	-	(43,569)
Modification of right of use assets	-	-	-	-	-	-	-	-	-	-	(4,060,771)	(4,060,771)
<b>As at 31 December 2020</b>	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	463,047,791
<b>Cost:</b>												
<b>As at 1 January 2021</b>	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	463,047,791
Capital expenditure	-	-	-	-	-	-	-	-	-	17,309,398	-	17,309,398
Reclassification from CWIP	-	133,211	12,049,179	-	59,594	1,019,546	-	-	-	(13,261,530)	-	-
Addition to right of use assets	-	-	-	-	-	-	-	-	-	-	1,948,657	1,948,657
Disposal	-	-	(27,229)	-	-	(94,330)	-	-	-	-	-	(121,559)
Reclassification (to)/from inventories	-	-	-	(1,595)	-	-	-	-	-	-	-	(1,595)
Reclassification from advance payment to supplier	-	-	(25,556)	-	-	-	-	-	-	673,977	-	648,421
Modification of right of use assets	-	-	-	-	-	-	-	-	-	-	(54,704)	(54,704)
<b>As at 31 December 2021</b>	7,719,084	97,554,312	312,145,335	2,202,433	813,343	4,211,241	1,557,012	-	-	25,159,587	31,414,061	482,776,409

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

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
<b>Accumulated depreciation and impairment losses:</b>												
<b>As at 1 January 2020</b>	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
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)	-	-	-	-	-	-
Write-offs	-	-	(2,543)	-	-	-	-	-	-	-	-	(2,543)
<b>As at 31 December 2020</b>	<b>4,836,206</b>	<b>26,235,581</b>	<b>106,987,825</b>	<b>1,093,927</b>	<b>655,444</b>	<b>2,531,254</b>	<b>1,169,130</b>	<b>-</b>	<b>-</b>	<b>12,394,270</b>	<b>19,696,939</b>	<b>175,600,576</b>
<b>As at 1 January 2021</b>	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
Charge for the year	72,435	3,166,980	16,276,154	209,097	28,608	309,167	112,850	-	-	-	8,563,345	28,738,637
Impairment loss	-	13,969	4,788,161	-	-	-	-	-	-	-	-	4,802,130
Disposals	-	-	(27,229)	-	-	(42,355)	-	-	-	-	-	(69,584)
<b>As at 31 December 2021</b>	<b>4,908,641</b>	<b>29,416,530</b>	<b>128,024,911</b>	<b>1,303,024</b>	<b>684,052</b>	<b>2,798,066</b>	<b>1,281,980</b>	<b>-</b>	<b>-</b>	<b>12,394,270</b>	<b>28,260,284</b>	<b>209,071,758</b>
<b>Carrying amount</b>												
<b>As at 31 December 2021</b>	2,810,443	68,137,782	184,120,424	899,409	129,291	1,413,175	275,032	-	-	12,765,317	3,153,777	273,704,651
<b>At 31 December 2020</b>	<b>2,882,878</b>	<b>71,185,520</b>	<b>193,161,116</b>	<b>1,110,101</b>	<b>98,305</b>	<b>754,771</b>	<b>387,882</b>	<b>-</b>	<b>-</b>	<b>8,043,472</b>	<b>9,823,169</b>	<b>287,447,215</b>

\*\*See note 15.8 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	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Acquisition of property, plant and equipment	23,562,215	8,969,756	17,309,398	6,619,660
Property, plant and equipment accrual	(986,405)	966,090	(178,105)	966,090
Property, plant and equipment paid in the statement of cash flows	<b>22,575,810</b>	<b>9,935,846</b>	<b>17,131,293</b>	<b>7,585,750</b>

#### 15.2 Impairment of property, plant and equipment

In 2021, management has recognised an impairment loss of ₦4.7 billion to reflect the recoverable value of its Shagamu plant. An impairment of ₦1.2 billion was recognised in 2020 to reflect the recoverable value of two of its capital projects.

#### 15.3 Assets pledged as security

The Group has no assets pledged as security as at 31 December 2021 (2020: Nil).

#### 15.4 Construction work in progress and Capital commitments

For capital commitments, refer to Note 35. Construction work in progress are the Group's projects on maintaining and developing plants and the office structure.

#### 15.5 Breakdown of capital work in progress

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Buildings	24,711,253	19,470,206	3,571,892	1,621,906
Production Plant	10,651,023	6,724,761	8,303,354	6,028,857
Capitalised Spares	177,480	43,030	131,155	23,282
Motor Vehicles	145,889	123,128	-	123,128
Computer Equipment	818,246	411,936	594,512	234,276
Exploration and evaluation assets	277,628	41,235	164,404	12,023
	<b>36,781,519</b>	<b>26,814,296</b>	<b>12,765,317</b>	<b>8,043,472</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 Dec 2021

#### 15.6 Capitalised borrowing costs

Capitalised borrowing costs during the year was nil (2020: ₦221 million), calculated using a capitalisation rate of 5%.

#### 15.7 Depreciation

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

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Cost of sales (Note 7)	30,136,307	27,350,037	27,937,649	25,323,726
Administrative expenses (Note 9)	1,295,484	1,176,379	800,988	808,544
	<b>31,431,791</b>	<b>28,526,415</b>	<b>28,738,637</b>	<b>26,132,270</b>

Included in depreciation is a total amount on ₦2.6 billion relating to accelerated depreciation taken on specific assets (plant and machinery).

#### 15.8 Right of Use Assets GROUP

	Leasehold Land	Buildings	Production Plant	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000
<b>Cost:</b>					
<b>As at 1 January 2020</b>	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)
<b>As at 31 December 2020</b>	<b>130,941</b>	<b>2,068,506</b>	<b>2,182,105</b>	<b>25,155,580</b>	<b>29,537,132</b>
<b>As at 1 January 2021</b>	130,941	2,068,506	2,182,105	25,155,580	29,537,132
Additions	39,498	149,500	2,137,477	267,270	2,593,745
Modification of leases	-	-	-	(54,704)	(54,704)
<b>As at 31 December 2021</b>	<b>170,439</b>	<b>2,218,006</b>	<b>4,319,582</b>	<b>25,368,146</b>	<b>32,076,173</b>
<b>Accumulated depreciation:</b>					
<b>As at 1 January 2020</b>	23,223	740,413	1,274,247	8,683,682	10,721,565
Charge for the year	24,937	565,245	883,548	7,518,668	8,992,398
<b>As at 31 December 2020</b>	<b>48,160</b>	<b>1,305,658</b>	<b>2,157,795</b>	<b>16,202,350</b>	<b>19,713,963</b>
<b>As at 1 January 2021</b>	48,160	1,305,658	2,157,795	16,202,350	19,713,963
Charge for the year	37,555	486,209	1,689,905	6,620,081	8,833,751
<b>As at 31 December 2021</b>	<b>85,715</b>	<b>1,791,867</b>	<b>3,847,700</b>	<b>22,822,431</b>	<b>28,547,714</b>
<b>Carrying amount</b>					
<b>As at 31 December 2021</b>	<b>84,724</b>	<b>426,139</b>	<b>471,882</b>	<b>2,545,715</b>	<b>3,528,459</b>
<b>As at 31 December 2020</b>	<b>82,781</b>	<b>762,848</b>	<b>24,310</b>	<b>8,953,230</b>	<b>9,823,169</b>
<b>Company</b>					
	Leasehold Land	Buildings	Production Plant	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000
<b>Cost:</b>					
<b>As at 1 January 2020</b>	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)
<b>As at 31 December 2020</b>	<b>130,941</b>	<b>2,051,482</b>	<b>2,182,105</b>	<b>25,155,580</b>	<b>29,520,108</b>
<b>As at 1 January 2021</b>	130,941	2,051,482	2,182,105	25,155,580	29,520,108
Additions	39,498	149,500	1,492,388	267,271	1,948,657
Modification of leases	-	-	-	(54,704)	(54,704)
<b>As at 31 December 2021</b>	<b>170,439</b>	<b>2,200,982</b>	<b>3,674,493</b>	<b>25,368,147</b>	<b>31,414,061</b>
<b>Accumulated depreciation:</b>					
<b>As at 1 January 2020</b>	23,223	725,175	1,274,247	8,683,682	10,706,327
Charge for the year	24,937	563,459	883,548	7,518,668	8,990,612
<b>As at 31 December 2020</b>	<b>48,160</b>	<b>1,288,634</b>	<b>2,157,795</b>	<b>16,202,350</b>	<b>19,696,939</b>
<b>As at 1 January 2021</b>	48,160	1,288,634	2,157,795	16,202,350	19,696,939
Charge for the year	37,555	486,210	1,419,498	6,620,081	8,563,345
<b>As at 31 December 2021</b>	<b>85,715</b>	<b>1,774,844</b>	<b>3,577,293</b>	<b>22,822,431</b>	<b>28,260,284</b>
<b>Carrying amount</b>					
<b>As at 31 December 2021</b>	<b>84,724</b>	<b>426,138</b>	<b>97,200</b>	<b>2,545,716</b>	<b>3,153,777</b>
<b>As at 31 December 2020</b>	<b>82,781</b>	<b>762,848</b>	<b>24,310</b>	<b>8,953,230</b>	<b>9,823,169</b>

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.

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 16 Intangible assets

	Group	
	Intangible Assets N'000	Total N'000
<b>Cost</b>		
Balance at 1 January 2020	4,823,863	4,823,863
Balance at 31 December 2020	<b>4,823,863</b>	<b>4,823,863</b>
Balance at 1 January 2021	4,823,863	4,823,863
Balance at 31 December 2021	<b>4,823,863</b>	<b>4,823,863</b>
<b>Accumulated Amortisation</b>		
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	<b>2,884,653</b>	<b>2,884,653</b>
Balance at 1 January 2021	2,884,653	2,884,653
Charge for the year	1,225,464	1,225,464
Balance at 31 December 2021	<b>4,110,117</b>	<b>4,110,117</b>
<b>Carrying amount</b>		
Balance at 31 December 2021	<b>713,746</b>	<b>713,746</b>
Balance at 31 December 2020	<b>1,939,210</b>	<b>1,939,210</b>
	Company	
	Intangible Assets N'000	Total N'000
<b>Cost</b>		
Balance at 1 January 2020	3,323,900	3,323,900
Balance at 31 December 2020	<b>3,323,900</b>	<b>3,323,900</b>
Balance at 1 January 2021	3,323,900	3,323,900
Balance at 31 December 2021	<b>3,323,900</b>	<b>3,323,900</b>
<b>Accumulated Amortisation</b>		
Balance at 1 January 2020	817,090	817,090
Charge for the year	982,546	982,546
Balance at 31 December 2020	<b>1,799,636</b>	<b>1,799,636</b>
Balance at 1 January 2021	1,799,636	1,799,636
Charge for the year	945,942	945,942
Balance at 31 December 2021	<b>2,745,578</b>	<b>2,745,578</b>
<b>Carrying amount</b>		
Balance at 31 December 2021	<b>578,322</b>	<b>578,322</b>
Balance at 31 December 2020	<b>1,524,264</b>	<b>1,524,264</b>

Intangible assets represents mineral rights and computer software in the Group's operations with carrying amount of ₦ 95.8 million and ₦ 482.7 million respectively.

#### 16.1 Amortisation of intangible assets

Amortisation for the year has been charged as follows:

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Cost of sales (Note 7)	26,876	33,409	26,876	33,409
Administrative expenses (Note 9)	<b>1,198,588</b>	1,229,449	919,066	949,137
	<b>1,225,464</b>	<b>1,262,858</b>	<b>945,942</b>	<b>982,546</b>

#### 17 Interests in other entities

##### 17.1 Investments in subsidiaries

The Group's principal subsidiaries at 31 December 2021 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 2021

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
				<b>63,906,867</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

31 December 2020

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

#### 17.2 Investment in joint venture - Continental Blue Investment, Ghana

On January 20, 2021, the Board of Directors of Lafarge Africa Plc approved the disposal of the Company's investment in Continental Blue Investment Ghana Ltd (CBI) via a sale of the total equity interest of 35% held by the Company in CBI to a third party, F. Scott AG. The sale was concluded on June 30, 2021.

Until the date of the disposal, the Group had 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 was accounted for using the equity method in the consolidated and separate financial statements until the date of disposal.

As at 30 June 2021, the carrying amount of the Company's investment in Continental Blue Investment (CBI) was ₦1.08 billion, including the share of profit in 2021 to the date of disposal. Notes on disposal are set out in Note 17.3 below.

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

	31 Dec 2021 N'000	31 Dec 2020 N'000
Current assets (including cash and cash equivalents and prepayments)	-	5,254,097
Non current assets	-	19,480,479
Current liabilities, including tax payable	-	(6,384,657)
Non-current liabilities	-	(17,265,827)
Net assets/(liabilities) (100%)	-	1,084,092
<b>Group's carrying amount of the investment / share of net liabilities (35%)</b>	-	<b>379,432</b>

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

	30 June 2021 N'000	31 Dec 2020 N'000
Revenue	17,178,365	20,977,938
Cost of sales	(11,867,848)	(14,280,179)
Other operating income	85,127	188,689
Operating expenses	(2,565,705)	(4,556,601)
Profit before tax	2,829,939	2,329,847
Income tax expense	-	-
Profit for the year	2,829,939	2,329,847
Other comprehensive (loss)/income, net of tax		
Exchange differences on translation (100%)	(835,881)	(153,468)
Other comprehensive (loss)/income, net of tax (100%)	(835,881)	(153,468)
Total comprehensive income/(loss) (100%)	1,994,058	2,176,379
Share of Profit/(loss) for the year (35%)	990,479	815,446
Share of other comprehensive (loss)/income, net of tax for the year (35%)	(292,558)	(53,714)
Total comprehensive income/(loss) (35%)	<b>697,921</b>	<b>761,732</b>
Company's share of Profit/(loss)	990,479	815,446
Previously unrecognised share of loss	-	(382,300)
Reclassification of share of OCI on disposal of joint venture	(307,169)	-
Company's recognised share of profit/(loss)	<b>683,310</b>	<b>433,146</b>

#### 17.3 Disposal of investment in Joint Venture

The proceeds realized by Lafarge Africa Plc from the transaction amounted to USD 8.2m after repayment of the 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 Lafarge Africa Plc's shares by F. Scott AG (USD 6m).

#### 17.4 Gain on disposal of the investment

	USD'000	Rate	31 Dec 2021 N'000
Sales consideration	6,041	505	3,051,608
<b>Less:</b>			
Derecognition of carrying value of equity accounted investee			(1,077,353)
Earn out obligation paid	(3,643)	505	(1,840,333)
<b>Gain on disposal</b>			<b>133,922</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

	USD'000	USD'000	Rate	31 Dec 2021 N'000
<b>17.5 Cashflow from the disposal of the investment</b>				
Proceeds received from sales		8,200	505	4,142,066
				<b>4,142,066</b>
<b>Split into:</b>				
Repayment of loan principal		3,850	505	1,944,751
Repayment of loan interest		1,952	505	985,897
Sales value of investment	6,041			
Earn out obligation paid	(3,643)	2,398	505	1,211,419
				<b>4,142,066</b>

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>18 Other financial assets</b>				
<b>Non-current:</b>				
Other financial assets (Note 18.1)	-	964,796	-	964,796
	-	<b>964,796</b>	-	<b>964,796</b>
<b>Current:</b>				
Other financial assets (Note 18.2)	19,035,529	1,731,432	18,975,911	1,729,090
	<b>19,035,529</b>	<b>2,696,228</b>	<b>18,975,911</b>	<b>2,693,886</b>

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>18.1 Other financial assets - Non current</b>				
Loan to CBI Ghana (Note 18.1.1)	-	964,796	-	964,796
	-	<b>964,796</b>	-	<b>964,796</b>

#### 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 was 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 was fully repaid in June 2021.

#### 18.2 Other financial assets - Current

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Short term receivables	151,029	64,738	91,411	62,396
Security deposit receivables (Note 18.2.1)	18,884,500	-	18,884,500	-
Loan to CBI Ghana (Note 18.1.1)	-	1,666,694	-	1,666,694
	<b>19,035,529</b>	<b>1,731,432</b>	<b>18,975,911</b>	<b>1,729,090</b>

#### 18.2.1 Security deposit receivables

Amount represents security deposit on foreign exchange forward contract with a bank in Nigeria. The amount is expected to be received within the next 12 months. Additionally, this amount bears interest at 0.5% per annum.

#### 19 Derivative assets

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Derivative assets	-	18,905	-	-
	-	<b>18,905</b>	-	-

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.

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 20 Other assets

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Non current	35,535,403	29,127,048	32,699,442	28,657,973
Current	15,275,129	11,916,440	14,734,768	8,846,892
	<b>50,810,532</b>	<b>41,043,488</b>	<b>47,434,210</b>	<b>37,504,865</b>
Advance payment to suppliers	7,803,330	5,158,795	7,363,914	3,208,943
Prepayment for Gas (Note 20.1)	28,714,124	28,657,973	28,714,124	28,657,973
Prepaid rent	58,473	88,955	58,473	88,955
Prepaid insurance	1,074,065	852,775	973,121	783,402
Advance payment to transporters	9,506,239	3,686,266	9,506,239	3,686,266
Advance payment of taxes and levies (Note 9.1)	818,338	936,677	818,338	936,677
Letters of credit	2,835,962	1,519,398	-	-
Deposit for imports	-	142,649	-	142,649
	<b>50,810,531</b>	<b>41,043,488</b>	<b>47,434,209</b>	<b>37,504,865</b>

#### 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 2years 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 fulfil 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Raw materials	8,555,834	2,493,167	8,257,774	2,191,227
Work in progress	1,083,046	752,973	831,966	597,285
Finished goods	11,233,700	10,342,883	8,862,384	6,708,841
Spare parts	17,819,245	12,913,795	15,663,520	10,574,637
Other supplies (Note 21.1)	6,318,302	4,549,778	3,040,850	2,394,625
	<b>45,010,127</b>	<b>31,052,596</b>	<b>36,656,494</b>	<b>22,466,615</b>

The cost of inventories recognised as an expense during the year and included in 'cost of sales' was ₦47.7 billion (2020: ₦32.7 billion) and ₦38.9 billion (2020: ₦25.8 billion) for the Group and Company respectively.

Total inventory write down recognised during the year was ₦8.0billion (2020: ₦2.3 billion) and ₦4.4 billion (2020: ₦2.2 billion) for the Group and Company respectively.

The Company employs the services of the following external valuation specialists for the measurement and valuation of inventories (Raw materials and Semi-finished goods): 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Trade receivables:				
Third party sales	2,793,130	2,107,502	2,617,516	1,997,477
Related party sales (Note 37.4)	-	242,224	4,804,757	2,710,063
	2,793,130	2,349,726	7,422,273	4,707,540
Impairment on trade receivables (Note 22.3)	(280,495)	(254,892)	(269,431)	(244,970)
Net trade receivables	2,512,634	2,094,834	7,152,841	4,462,570
Other receivables (Note 22.1)	4,206,173	2,675,215	4,133,505	2,718,960
Due from related parties (Note 37.5)	477,947	258,864	21,090,806	19,074,254
	4,684,120	2,934,079	25,224,311	21,793,214
Net other receivables	4,684,120	2,934,079	25,224,311	21,793,214
<b>Total trade and other receivables</b>	<b>7,196,754</b>	<b>5,028,913</b>	<b>32,377,152</b>	<b>26,255,784</b>

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

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 22.1 Analysis of other receivables

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Short term receivables (Note 22.2)	4,202,133	2,595,849	4,129,465	2,642,262
Staff advances	4,040	79,366	4,040	76,698
	<b>4,206,173</b>	<b>2,675,215</b>	<b>4,133,505</b>	<b>2,718,960</b>

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 Short term receivables

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
WHT receivable	970,570	949,009	970,570	949,009
VAT receivable	504,334	226	504,255	-
Gas receivable	2,133,150	1,027,499	2,133,150	1,027,499
Other receivables	594,079	619,115	521,490	665,754
	<b>4,202,133</b>	<b>2,595,849</b>	<b>4,129,465</b>	<b>2,642,262</b>

#### 22.3 Impairment loss/reversal

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
At 1 January	254,892	275,497	244,970	264,284
Impairment loss written back**	25,603	(20,605)	24,461	(19,314)
At 31 December	<b>280,495</b>	<b>254,892</b>	<b>269,431</b>	<b>244,970</b>

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

#### 23 Cash and cash equivalents

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Restricted cash (Note 23.1)	1,431,461	1,266,294	1,431,461	1,266,294
Cash in hand and at bank (Note 23.2)	48,625,884	52,056,686	43,696,638	38,483,421
<b>Cash and cash equivalents in the statement of financial position</b>	<b>50,057,345</b>	<b>53,322,980</b>	<b>45,128,099</b>	<b>39,749,715</b>

#### 23.1 Restricted cash

As at year end, cash and cash equivalents included restricted cash, which represents unclaimed dividend amounting to ₦1.43 billion (2020: ₦1.27 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Cash in hand and at bank	48,625,884	52,056,686	43,696,638	38,483,421
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>48,625,884</b>	<b>52,056,686</b>	<b>43,696,638</b>	<b>38,483,421</b>

#### Share capital and Share premium

#### 24 Share capital

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>Authorised:</b> 20,000,000,000 ordinary shares of 50k each (2020: 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 2021	16,107,796		8,053,899	
Issued during the year	-		-	
At 31 December 2021	<b>16,107,796</b>		<b>8,053,899</b>	
At 1 January 2020	16,107,796		8,053,899	
Issued during the year	-		-	
At 31 December 2020	<b>16,107,796</b>		<b>8,053,899</b>	

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 25 Share premium

	No of shares N'000	Share premium N'000
At 1 January 2021	16,107,796	435,148,731
Issued during the year	-	-
Right issue costs	-	-
At 31 December 2021	<b>16,107,796</b>	<b>435,148,731</b>
At 1 January 2020	16,107,796	435,148,731
Issued during the year	-	-
Right issue costs	-	-
At 31 December 2020	<b>16,107,796</b>	<b>435,148,731</b>

#### 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Profit attributable to equity holders of the Company from continuing & discontinued operation	51,003,549	30,842,138	53,455,912	28,714,884
Profit attributable to equity holders of the Company from continuing operation	51,137,765	30,788,424	53,590,128	28,661,170
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
Basic earnings per share (Kobo)	317	191	332	178
Diluted earnings per share (Kobo)	317	191	332	178

#### 27 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. This investment was disposed in June 2021.

28 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.

#### 29 Loans and borrowings

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Non-current	2,482,049	5,139,600	709,077	2,774,394
Current	20,805,272	44,593,230	19,846,836	44,458,963
<b>Total loans and borrowings</b>	<b>23,287,321</b>	<b>49,732,830</b>	<b>20,555,913</b>	<b>47,233,357</b>
<b>Split into:</b>				
Power fund (Note 29.1)	3,268,947	5,341,967	903,795	2,381,928
Bond (Note 29.2)	-	34,083,978	-	34,083,978
Lease liabilities (Note 29.4)	3,013,586	7,868,846	2,615,561	7,859,810
Bank Loans (Note 29.3)	17,004,788	2,438,039	16,141,855	2,103,913
Related party loan (Note 29.6)	-	-	894,702	803,728
<b>Total loans and borrowings</b>	<b>23,287,321</b>	<b>49,732,830</b>	<b>20,555,913</b>	<b>47,233,357</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

**29.1 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 have been fully repaid as of June 2021.

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 ₦0.9 billion, which is the amortised cost to date.

The Group also assessed an additional ₦6.4 billion from the CBN/BOI intervention fund in 2019 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 ₦2.4 billion.

**29.2 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, maturing 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 and second tranche fully repaid in 2021.

**29.3 Bank Loans:** These represent letters of credit facility lines obtained from financial institutions. Interest rate ranges from 9% - 12% p.a and the loans are payable within one year.

#### 29.4 Lease liabilities

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>Maturity analysis</b>				
Less than 1 year	2,620,298	5,571,028	2,280,151	5,561,992
Between one and two years	115,572	1,990,081	57,694	1,990,081
Between two and five years	125,088	153,805	125,088	153,805
Five years and above	152,628	153,932	152,628	153,932
	<b>3,013,586</b>	<b>7,868,846</b>	<b>2,615,561</b>	<b>7,859,810</b>
<b>Analysed as</b>				
Non current	393,288	2,297,818	335,410	2,297,818
Current	2,620,298	5,571,028	2,280,151	5,561,992
Total loans and borrowings	<b>3,013,586</b>	<b>7,868,846</b>	<b>2,615,561</b>	<b>7,859,810</b>

#### 29.5 Movement in loans and borrowings

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
At 1 January	49,732,830	64,185,115	47,233,357	60,566,525
Additions:				
Finance lease	2,409,246	2,387,657	1,764,158	2,387,657
Loan received	14,566,748	1,834,067	14,037,942	1,499,886
	66,708,824	68,406,839	63,035,457	64,454,068
Interest expensed (Note 12.2)	3,763,760	7,859,989	3,380,277	8,418,695
Interest paid on borrowing	(2,888,751)	(5,117,850)	(2,685,207)	(5,252,701)
Interest paid on leases	(986,072)	(1,991,166)	(986,072)	(1,991,166)
Principal repaid	(36,045,934)	(7,759,060)	(35,180,135)	(6,403,645)
Repayment of lease liabilities	(7,208,823)	(7,488,596)	(6,952,724)	(7,488,596)
Impact of modification of leases	(55,683)	(4,503,298)	(55,683)	(4,503,298)
Impact of loan restructuring	-	325,972	-	-
At 31 December	<b>23,287,321</b>	<b>49,732,830</b>	<b>20,555,913</b>	<b>47,233,357</b>
Less than one year	20,502,893	44,593,230	19,486,578	44,458,963
Between one and two years	1,506,229	2,860,756	791,620	1,584,558
Between two to five years	1,125,571	2,124,912	125,088	1,035,905
After five years	152,628	153,932	152,627	153,931
	<b>23,287,321</b>	<b>49,732,830</b>	<b>20,555,913</b>	<b>47,233,357</b>

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

#### 30 Provisions

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Non current (Note 30.1)	2,103,557	1,510,577	1,193,962	817,124
Current (Note 30.2)	2,918,962	2,644,965	2,571,809	2,405,497
	<b>5,022,519</b>	<b>4,155,542</b>	<b>3,765,771</b>	<b>3,222,621</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 30.1 Non current

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>Site restoration cost</b>				
At 1 January	1,510,577	1,011,285	817,124	547,403
Provision made during the year	678,230	820,447	351,983	448,605
Utilised	(225,710)	(387,791)	(50,704)	(245,520)
Unwinding of discount (Note12(12.2))	140,460	66,636	75,559	66,636
At 31 December	<b>2,103,557</b>	<b>1,510,577</b>	<b>1,193,962</b>	<b>817,124</b>

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 cost would be unwound over a period of 5-15 years for the Group and Company. The long term average inflation and discount rates used in the estimate entities within the Group was 10% (2020: 9%) and 12.8% (2020: 10%) respectively.

#### 30.2 Current

Current provisions relates to the provision for productivity bonus which is based on employee performance during the year.

Group	Productivity bonus	Total
	N'000	N'000
At 1 January 2020	677,349	677,349
Provision made during the year	2,739,977	2,739,977
Payment in the year	(772,361)	(772,361)
At 31 December 2020	<b>2,644,965</b>	<b>2,644,965</b>
At 1 January 2021	2,644,965	2,644,965
Provision made during the year	1,741,973	1,741,973
Payment in the year	(1,467,976)	(1,467,976)
At 31 December 2021	<b>2,918,962</b>	<b>2,918,962</b>
Company	Productivity bonus	Total
	N'000	N'000
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	<b>2,405,497</b>	<b>2,405,497</b>
At 1 January 2021	2,405,497	2,405,497
Provision made during the year	1,449,032	1,449,032
Payment in the year	(1,282,720)	(1,282,720)
At 31 December 2021	<b>2,571,809</b>	<b>2,571,809</b>

#### 31 Deferred income

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 29.1. The revenue is recognised in profit or loss over the useful life of the asset financed with the loan.

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>Non-current</b>	1,356,534	1,683,008	1,123,575	1,234,307
<b>Current</b>	326,474	381,646	110,732	110,732
	<b>1,683,008</b>	<b>2,064,654</b>	<b>1,234,307</b>	<b>1,345,039</b>
	Group	Company		
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Opening balance	2,064,654	2,846,728	1,345,039	1,455,771
Impact of restructuring (Note 29.5)	-	(325,972)	-	-
Grant Capitalised	-	(164,092)	-	-
Grant released to profit or loss	(381,646)	(292,010)	(110,732)	(110,733)
Closing balance	<b>1,683,008</b>	<b>2,064,654</b>	<b>1,234,307</b>	<b>1,345,039</b>

#### 32 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.

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 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 2021 by AON Hewitt Ltd. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

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

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
<b>32.1 Non current</b>				
Employee long service award scheme (Note 32.2)	1,822,894	1,719,115	1,479,244	1,443,609
Staff gratuities (Note 32.3)	342,698	565,573	342,698	565,573
	<b>2,165,592</b>	<b>2,284,688</b>	<b>1,821,942</b>	<b>2,009,182</b>

#### 32.2 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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Opening balance	1,719,115	1,309,568	1,443,609	1,085,095
Service cost	186,406	152,569	163,537	133,272
Interest cost (Note 12.2)	122,262	167,311	102,680	138,044
Total amount recognised in profit or loss	<b>308,668</b>	<b>319,880</b>	<b>266,217</b>	<b>271,316</b>
Remeasurements:				
Plan amendment	-	-	(32,017)	-
(Gain)/loss from change in assumptions	(242,845)	267,659	(207,014)	229,273
Experience adjustment gains/(loss)	131,296	(40,441)	83,337	(23,018)
Total amount recognised in profit or loss	(111,549)	227,218	(155,694)	206,255
Benefits paid	(93,340)	(137,551)	(74,888)	(119,057)
<b>Closing balance</b>	<b>1,822,894</b>	<b>1,719,115</b>	<b>1,479,244</b>	<b>1,443,609</b>

#### Key assumptions

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

Below are key assumptions for Nigerian entities:

Financial assumptions	31 Dec 2021	31 Dec 2020
Discount rate- per annum (p.a)	13.0%	7.3%
Inflation rate	12.0%	11.0%
Salary inflation (p.a)	12.0%	8.0%
Benefit escalation rate	6.0%	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 2021	31 Dec 2020
	N'000	N'000
Base	1,479,244	1,443,609
Discount rate		
0.5% increase	1,429,982	1,386,263
0.5% decrease	1,531,371	1,504,751
Salary increase rate		
0.5% increase	1,530,568	1,501,672
0.5% decrease	1,430,402	1,388,690
Benefit escalation rate		
0.5% increase	1,483,958	1,446,566
0.5% decrease	1,474,750	1,440,737
Mortality experience		
Age rated up by 1 year	1,473,048	1,437,038
Age rated down by 1 year	1,484,838	1,449,541

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### Sensitivity analysis for the Group

	31 Dec 2021 N'000	31 Dec 2020 N'000
Base	1,822,894	1,719,115
Discount rate		
0.5% increase	1,764,847	1,653,035
0.5% decrease	1,884,252	1,789,497
Salary increase rate		
0.5% increase	1,882,833	1,785,413
0.5% decrease	1,765,798	1,656,349
Benefit escalation rate		
0.5% increase	1,829,118	1,722,861
0.5% decrease	1,816,945	1,715,472
Mortality experience		
Age rated up by 1 year	1,815,340	1,711,323
Age rated down by 1 year	1,829,717	1,726,152

The weighted average liability duration for the Plan is 6.01 years. The average weighted duration of the longest Nigerian Government bond as at 31st December 2021 was 6.09 years with a gross redemption yield of 12.9%. We have adopted a discount rate of 12.8% for the current year.

#### 32.3 Staff gratuities

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

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Opening balance	565,573	566,556	565,573	566,556
Service cost	-	-	-	-
Interest cost	29,400	97,072	29,400	97,072
Total amount recognised in profit or loss	29,400	97,072	29,400	97,072
Remeasurement:				
(Gain) due to financial assumptions	(83,590)	-	(83,590)	-
(Gain) due to experience	(87,274)	-	(87,274)	-
Total amount recognised in other comprehensive income	(170,864)	-	(170,864)	-
Benefits paid (Note 34.1.6)	(81,411)	(98,055)	(81,411)	(98,055)
<b>Closing balance</b>	<b>342,698</b>	<b>565,573</b>	<b>342,698</b>	<b>565,573</b>

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 Group and Company

	31 Dec 2021 N'000	31 Dec 2020 N'000
Base	342,698	565,573
Discount rate:		
0.5% increase	337,160	554,573
0.5% decrease	348,418	577,006
Mortality experience:		
Age rated up by 1 year	342,174	564,675
Age rated down by 1 year	343,166	566,374

The weighted average liability duration for the Plan is 4.7 years. The 5-year and 15-year government bond with a yield of 11.65% pa and 12.95% pa have a duration of 3.9 and 6.8 years respectively as at 31 December 2021. By interpolation, a discount rate of 12.01% p.a. was therefore applied

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 33 Trade and other payables

##### Trade payables

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Trade payables	17,817,698	18,748,553	15,990,324	15,365,176
	<b>17,817,698</b>	<b>18,748,553</b>	<b>15,990,324</b>	<b>15,365,176</b>
Other payables:				
Related party - technical service fee (Note 33.1, 37.4)	4,298,825	3,861,802	4,298,825	3,861,802
Customers' deposits	43,361,653	22,735,180	36,414,142	17,247,193
Related companies (Note 37.5)	3,882,324	3,263,740	22,893,620	16,690,513
Withholding tax payable	1,455,980	875,110	1,469,805	920,277
Value added tax payable	466,345	87,951	466,179	87,785
Accruals (Note 33.2)	7,873,451	7,145,326	7,192,865	6,279,343
Other liabilities (Note 33.5)	10,520,709	11,545,284	6,890,165	7,391,529
Dividend payable (Note 33.3)	13,500,412	8,594,829	13,500,412	8,594,829
	<b>85,359,699</b>	<b>58,109,222</b>	<b>93,126,013</b>	<b>61,073,271</b>
	<b>103,177,397</b>	<b>76,857,775</b>	<b>109,116,337</b>	<b>76,438,447</b>

#### 33.1 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.

#### 33.2 Accruals

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Freight/ logistics	28,678	504,599	28,678	500,999
Capital expenses	19,001	4,779	-	-
Quarry/landed cost	36,199	8,323	-	-
Plant accruals *	6,300,006	4,582,070	6,148,547	4,238,690
Power	274,728	483,300	1,527	-
Employee related accrual	224,442	62,274	139,575	50,931
Others	990,397	1,499,981	874,538	1,488,723
	<b>7,873,451</b>	<b>7,145,326</b>	<b>7,192,865</b>	<b>6,279,343</b>

\*Plant accruals relates to accruals on repairs and maintenance and gas consumed for which the payments have not been settled as at year end.

#### 33.3 Dividend paid to equity holders of the company

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
At 1 January	8,594,829	-	8,594,829	-
Dividend declared	32,215,591	16,107,796	32,215,591	16,107,796
Payment to the equity holders of the parent	(27,310,008)	(7,512,967)	(27,310,008)	(7,512,967)
At 31 December	<b>13,500,412</b>	<b>8,594,829</b>	<b>13,500,412</b>	<b>8,594,829</b>

The outstanding dividend payable as at December 31, 2021 was N13.5 billion (2020: N8.6 billion).

#### 33.4 Dividend paid

The following dividend were paid during the year:

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Caricement B.V	14,758,199	3,281,612	14,758,199	3,281,612
Associated International Cement Ltd	7,337,039	1,623,970	7,337,039	1,623,970
Other equity holders	5,214,770	2,607,385	5,214,770	2,607,385
Total	<b>27,310,008</b>	<b>7,512,967</b>	<b>27,310,008</b>	<b>7,512,967</b>

33.5 Included in the other liabilities are unclaimed dividend payable, pension fund liability, capital gain tax payable, customers rebate liability, litigation provision, non income tax and capital expenditures payable.

#### 34 Additional cash flow information

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>34.1 Working capital adjustments:</b>				
(Increase) /decrease in inventories	(13,955,936)	1,616,555	(14,188,284)	3,441,287
(Increase) /decrease in trade and other receivables	(2,193,445)	3,184,742	(6,145,830)	(5,783,784)
(Increase) in other assets	(10,415,465)	(15,109,970)	(10,577,766)	(14,486,119)
(Increase) in other financial assets	(18,970,791)	(923,775)	(18,913,515)	(925,047)
Increase/ (decrease) in trade and other payables	20,427,635	(488,861)	27,594,201	(3,767,938)
	<b>(25,108,002)</b>	<b>(11,721,309)</b>	<b>(22,231,193)</b>	<b>(21,521,601)</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 34.1.1 Reconciliation of changes in inventories included in statement of cash flows:

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Movement in inventories	(13,957,531)	1,388,174	(14,189,879)	3,212,906
Reclassification to Property, plant and equipment (Note 15)	1,595	228,381	1,595	228,381
Movement as per the Statement of Cashflows	<b>(13,955,936)</b>	<b>1,616,555</b>	<b>(14,188,284)</b>	<b>3,441,287</b>

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

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Movement in trade and other receivables	(2,167,842)	3,164,137	(6,121,369)	(5,803,098)
Reclassification of Impairment loss on trade receivables (Note 22.3)	(25,603)	20,605	(24,461)	19,314
Movement as per the Statement of Cashflows	<b>(2,193,445)</b>	<b>3,184,742</b>	<b>(6,145,830)</b>	<b>(5,783,784)</b>

#### 34.1.3 Reconciliation of changes in other assets included in statement of cash flows:

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Movement in other assets	(9,767,044)	(14,394,946)	(9,929,345)	(13,773,894)
Reclassification of prepayments for construction expenditure (Note 15)	(648,421)	(715,024)	(648,421)	(712,225)
Movement as per the Statement of Cashflows	<b>(10,415,465)</b>	<b>(15,109,970)</b>	<b>(10,577,766)</b>	<b>(14,486,119)</b>

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

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Movement in other financial assets	(16,339,301)	(923,775)	(16,282,025)	(925,047)
Reclassification of long term financial receivables from joint venture (note 18.1 & 18.2)	(2,631,490)	-	(2,631,490)	-
Movement as per the Statement of Cashflows	<b>(18,970,791)</b>	<b>(923,775)</b>	<b>(18,913,515)</b>	<b>(925,047)</b>

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

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Movement in trade and other payables	26,319,623	7,139,878	32,677,889	3,860,801
Reclassification of dividend payable (Note 33.3)	(4,905,583)	(8,594,829)	(4,905,583)	(8,594,829)
Accruals on Property plant and Equipment (Note 15.1)	(986,405)	966,090	(178,105)	966,090
Movement as per the Statement of Cashflows	<b>20,427,635</b>	<b>(488,861)</b>	<b>27,594,201</b>	<b>(3,767,938)</b>

#### 34.1.6 Provisions and net movement on employee benefit

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Employee Long Service Award - service cost (Note 32.2)	186,406	152,569	163,537	133,272
Productivity bonus payment	(1,467,976)	(772,361)	(1,282,719)	(657,372)
Staff gratuity benefits paid (Note 32.3)	(81,411)	(98,055)	(81,411)	(98,055)
Employee Long service award benefits paid	(93,340)	(137,551)	(74,888)	(119,057)
Remeasurement (gains) / losses – Long service awards	(111,549)	227,218	(123,677)	206,255
Provision for productivity bonus for the year	1,741,973	2,739,977	1,449,032	2,458,418
	<b>174,103</b>	<b>2,111,797</b>	<b>49,874</b>	<b>1,923,461</b>

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

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Proceeds from sale of property, plant and equipment- (cash)	15,647	475,059	15,647	458,662
Proceeds from sale of property, plant and equipment- (non cash)	126,070	-	126,070	-
Net book value of property, plant and equipment disposed	(51,975)	(237,690)	(51,975)	(233,713)
Gain on sale of property, plant and equipment (Note 10)	<b>89,742</b>	<b>237,369</b>	<b>89,742</b>	<b>224,949</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 34.3 Other non cash items

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Write offs for Property, plant and equipment	-	41,026	-	41,026
Gain on sale of property plant and equipment (Note 10)	(89,742)	(237,369)	(89,742)	(224,949)
Impairment loss on trade and other receivables (Note 22.3)	25,603	(20,605)	24,461	(19,314)
Movement in site restoration cost	452,520	432,656	301,279	203,085
Gain on disposal of investment in joint venture (Note 10)	(133,922)	-	(133,922)	-
Government grants (Note 10)	(381,646)	(292,010)	(110,732)	(110,733)
	<b>(127,187)</b>	<b>(76,302)</b>	<b>(8,656)</b>	<b>(110,885)</b>

#### 35 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	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
<b>Capital expenditure commitments</b>				
Approved and contracted for	4,960,805	3,829,612	4,960,805	3,829,612
	<b>4,960,805</b>	<b>3,829,612</b>	<b>4,960,805</b>	<b>3,829,612</b>
<b>Operating expenditure commitments</b>				
Commitments for the supply of gas (Note 35.1)	160,351,137	150,854,700	160,351,137	150,854,700
Commitments for the supply of power (Note 35.2)	9,253,083	5,963,349	9,253,083	5,963,349
Guarantee for gas commitment (Mfamosing project)	1,654,596	1,450,000	1,654,596	1,450,000
Income tax risk	-	1,335,749	-	1,335,749
Guarantee for power services	654,395	1,250,904	654,395	1,250,904
Guarantee for truck financing	16,676,847	7,747,344	16,676,847	7,747,344
Share Holder's Guarantee	-	3,579,296	-	3,579,296
Additional Subscription of Shares in CBI Ghana	-	1,645,000	-	1,645,000
	<b>188,590,058</b>	<b>173,826,342</b>	<b>188,590,058</b>	<b>173,826,343</b>

**35.1** This represents the total commitments with respect to termination payment clause on gas contracts. This amount is made up of ₦59.4 billion relating to gas supply contract with a vendor for the supply of gas to Mfamosing Plant, ₦100.9 billion relating to another gas supply contract with a vendor for the supply of gas to Ewekoro and Shagamu Plants.

**35.2** 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 ( ₦5.1 billion). Also included is the additional fixed cost commitment for the supply of power to Ewekoro plant for the period of five years ( ₦4.1 billion).

#### 36 Contingent liabilities

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
<b>Lafarge Africa Plc</b>				
Various litigations and claims (Note 36.1)	3,445,842	4,870,310	3,445,842	4,870,310
Letters of credit (Note 36.2)	13,262,483	11,698,881	13,262,483	7,776,040
Pension audit (Note 36.3)	1,700,797	-	1,700,797	-
	<b>18,409,122</b>	<b>16,569,191</b>	<b>18,409,122</b>	<b>12,646,350</b>

**36.1** 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 ₦3.4 billion (2020: ₦4.9 billion), amongst other claims 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.

**36.2** 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.

**36.3** This represents ongoing reconciliation and disputed liability from the pension audit in Mfamosing plant.

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 37 Related party transactions

##### 37.1 Ultimate parent entity

The ultimate parent entity of the Group is Holcim, 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).

##### 37.2 Subsidiaries

Subsidiaries are set out in Note 17.1.

##### 37.3 Transactions with related parties

The following transactions occurred with related parties during the year:

	Group		Company	
	N'000	N'000	N'000	N'000
AshakaCem Limited	-	-	2,094,694	2,067,466
<b>Total transaction value</b>	-	-	<b>2,094,694</b>	<b>2,067,466</b>

##### Purchase of goods and services

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Lafarge Holcim Trading	8,223,888	2,647,000	8,223,888	2,647,000
<b>Total transaction value</b>	<b>8,223,888</b>	<b>2,647,000</b>	<b>8,223,888</b>	<b>2,647,000</b>

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		Company	
		31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>Others</b>					
<b>Nature of transaction</b>					
AshakaCem Limited	Recharges	-	-	6,140,681	-
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	-	290
Lafargetechnical Center Vienna Gmbh	Services Related	-	2,663	-	2,663
Holcim Trading S.A.	Fuel	112,107	36,192	112,107	36,192
Lafarge Cement Egypt Sae	Payroll and other personnel recharges	-	154,066	-	154,066
Lafarge Cement Egypt S.A.E.	Employee Related	275,755.95	-	265,897.51	-
Lafarge (Beijing) Building Materials Technical Service Co, Ltd	Employee Related	-	20,920	-	-
Holcim Technology Ltd	Technical Fees	2,883,862	2,989,050	2,883,862	2,989,050
Holcim (Maroc) S.A.	Fuel	13,695	60,446	13,695	60,446
Lafarge Mea Building Materials S.A.E	Employee Related	-	313,533	-	307,096
Lafarge Industries S.A. (Pty)	Employee Related	-	196	-	196
Lafargeholcim Energy Solutions	Employee Related	-	172,048	-	172,048

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

Others (Cont'd)	Nature of transaction	Group		Company	
		31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Hima Cement Rwanda Ltd	Employee Related	-	24,543	-	24,543
Lafarge Intern Serv Singapore	Employee Related	691,662	266,744	618,193	179,222
LafargeHolcim España, S.A.U.	Payroll and other personnel recharges	818,689	-	818,689	-
LafargeHolcim Investment Ltd	Payroll and other personnel recharges	5,692	-	5,692	-
Associated Pan Malaysia Cement Sdn	Payroll, personnel costs recharges	-	107,851	-	-
<b>Total transaction value</b>		<b>4,801,463</b>	<b>5,513,295</b>	<b>10,858,816</b>	<b>5,139,176</b>

#### 37.4 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 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
<b>Trade receivables:</b>				
AshakaCem Limited	-	-	4,804,757	2,467,839
Lafarge Holcim Trading	-	242,224	-	242,224
	-	<b>242,224</b>	<b>4,804,757</b>	<b>2,710,063</b>
<b>Technical fees:</b>				
Lafarge S.A Paris	418,016	418,016	418,016	418,016
Holcim Technology Ltd	3,880,809	3,443,786	3,880,809	3,443,786
	<b>4,298,825</b>	<b>3,861,802</b>	<b>4,298,825</b>	<b>3,861,802</b>

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.

#### 37.5 Other receivables from and payables to related parties

Other receivables			Group		Company	
			31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
AshakaCem Plc	Subsidiary	Back end expenses and System, application & support cost	-	-	20,650,067	18,815,390
Lafarge S.A.	Fellow subsidiary	Back end expenses.	100,909	-	72,381	-
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.	329,152	138,160	329,152	138,160
Holcim Technology Ltd	Fellow subsidiary	Back end expenses.	8,681	23,343	-	23,343
Lafarge Industries South Africa (PTY) Ltd	Fellow subsidiary	Back end expenses.	39,206	-	39,206	-
			<b>477,948</b>	<b>258,864</b>	<b>21,090,806</b>	<b>19,074,254</b>

## Lafarge Africa Plc

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

Other payables			Group		Company	
			31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Lafarge S.A	Fellow subsidiary	Back end expenses.	12,705	74,678	12,705	97,302
Holcim technology limited	Fellow subsidiary	Back end expenses.	698,742	-	572,162	-
Ashakacem PLC	Subsidiary	Back end expenses.	-	-	19,518,325	13,928,118
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	12,142	9,273	-	-
Lafarge MEA Building Materials S.A.E	Fellow subsidiary	Back end expenses.	345,778	525,384	332,703	516,522
Holcim Trading S.A.	Fellow subsidiary	Back end expenses.	-	264,740	-	264,740
Technical Center Europe-Africa	Fellow subsidiary	Back end expenses.	8,815	13,985	8,815	13,985
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	1,081,200	1,089,054	1,081,200	953,283
Lafarge International Services Singapore Pte Ltd	Fellow subsidiary	Back end expenses.	669,955	380,617	487,849	179,222
Lafarge Industries South Africa (PTY) Ltd	Fellow subsidiary	Back end expenses.	-	1,019	-	1,019
LafargeHolcim España, S.A.U.	Fellow subsidiary	Back end expenses.	21,891	33,805.00	21,891	33,805.00
LafargeHolcim Building Materials (China) Co., Ltd	Fellow subsidiary	Back end expenses.	7,586	-	-	-
LH Trading Ltd	Fellow subsidiary	Back end expenses.	634,278	374,205.00	634,278	374,205.00
LafargeHolcim Maroc	Fellow subsidiary	Back end expenses.	48,074	65,378.00	48,074	65,378.00
Lafarge Cement Technical Center Vienna Gmbh	Fellow subsidiary	Back end expenses.	2,382	3,780.00	2,382	3,780.00
Lafarge Cement Egypt S.A.E.	Fellow subsidiary	Back end expenses.	170,452	249,154.00	169,788	249,154.00
Lafarge A&C Technical Service (Beijing) Co Ltd	Fellow subsidiary	Back end expenses.	-	20,920.00	-	-
Lafarge Asia Sdn Bhd (Asia Technical Center)	Fellow subsidiary	Back end expenses.	115,589	107,851.00	-	-
LafargeHolcim Investment Ltd	Fellow subsidiary	Back end expenses.	52,735	49,897.00	3,448	-
Wapsila Nigeria Limited	Fellow subsidiary	Investment	-	-	-	10,000
			<b>3,882,324</b>	<b>3,263,740</b>	<b>22,893,620</b>	<b>16,690,513</b>

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

### 37.6 Loans from related parties

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
AshakaCem Plc	-	-	894,702	803,729
	-	-	<b>894,702</b>	<b>803,729</b>

### 37.7 Loans to related party

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Loan to CBI Ghana	-	2,631,490	-	2,631,490

### 37.8 Key management personnel compensation

key management personnel	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Salaries and other short term employee benefits	1,452,250	1,428,759	1,452,250	1,428,759
Post-employment benefits	90,468	87,353	90,468	87,353
<b>Total</b>	<b>1,542,718</b>	<b>1,516,112</b>	<b>1,542,718</b>	<b>1,516,112</b>

## Lafarge Africa Plc

### Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

#### 38 Directors and employees

##### Directors

Directors' emolument comprise:

Salaries/fees

Sitting allowance and other benefits

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Salaries/fees	418,431	343,420	418,431	343,420
Sitting allowance and other benefits	159,576	206,086	159,576	206,086
<b>Total</b>	<b>578,007</b>	<b>549,506</b>	<b>578,007</b>	<b>549,506</b>

Fees and other emoluments disclosed above include amount paid to:

	Salaries/Fees		Sitting allowance		Other benefits		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>38.1 Executive Director</b>								
Khaled Abdel Aziz El Dokani	288,613	221,223	-	-	102,815	113,675	391,428	334,897
Lolu Alade-Akinyemi	95,818	88,197	-	-	9,091	9,091	104,909	97,289
<b>Total Executive Directors cost</b>	<b>384,431</b>	<b>309,420</b>	<b>-</b>	<b>-</b>	<b>111,906</b>	<b>122,766</b>	<b>496,337</b>	<b>432,186</b>
<b>38.2 Non- Executive Directors</b>								
Mobolaji Balogun	-	10,000	-	12,400	-	-	-	22,400
Adebode Adefioye	10,000	8,000	11,604	17,120	-	-	21,604	25,120
Adenike Ogunlesi	8,000	8,000	7,222	14,720	-	-	15,222	22,720
Elenda Giwa- Amu	-	8,000	12,640	17,900	-	-	12,640	25,900
Karine Uzan Mercie	-	-	-	-	-	-	-	-
Marco Licata	-	-	-	-	-	-	-	-
Adebayo Adeleke	-	-	-	2,480	-	-	-	2,480
Grant Earnshaw	-	-	-	-	-	-	-	-
Adekanmbi David Ademola	-	-	-	2,000	-	-	-	2,000
Gbenga Oyebode MFR	8,000	-	8,843	8,720	-	-	16,843	8,720
Adejuwon Timothy Ademola	-	-	-	2,000	-	-	-	2,000
Oyinkan Adewale	8,000	-	7,360	5,980	-	-	15,360	5,980
Virginie Darbo	-	-	-	-	-	-	-	-
<b>Total Non- Executive Directors cost</b>	<b>34,000</b>	<b>34,000</b>	<b>47,669</b>	<b>83,320</b>	<b>-</b>	<b>-</b>	<b>81,669</b>	<b>117,320</b>
<b>Total</b>	<b>418,431</b>	<b>343,420</b>	<b>47,669</b>	<b>83,320</b>	<b>111,906</b>	<b>122,766</b>	<b>578,006</b>	<b>549,506</b>

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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Managerial staff	1,066	111	895	103
Senior staff	109	1,094	102	898
Junior staff	176	174	73	73
<b>Total</b>	<b>1,351</b>	<b>1,379</b>	<b>1,070</b>	<b>1,074</b>

The aggregate payroll costs were:

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	N'000	N'000	N'000	N'000
Wages, salaries, allowances and other benefits	23,697,739	20,296,295	21,134,236	17,884,996
Pension and social benefits	1,334,693	1,159,159	1,144,046	998,331
Staff training	365,329	208,531	355,796	207,832
<b>Total</b>	<b>25,397,761</b>	<b>21,663,985</b>	<b>22,634,078</b>	<b>19,091,159</b>

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

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	Number	Number	Number	Number
Range (N)				
Up to 1,000,000	19	15	14	7
1,000,001 - 3,000,000	90	279	74	158
3,000,001 - 5,000,000	163	511	71	385
5,000,001 - 7,000,000	373	236	271	205
7,000,001 - 10,000,000	349	156	311	145
Above 10,000,000	357	182	329	174
<b>Total</b>	<b>1,351</b>	<b>1,379</b>	<b>1,070</b>	<b>1,074</b>

#### 39 Events after the reporting period

There are no events which could have had a material effect on the financial position of the Group as at 31 December 2021 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 2021

Group	31 Dec 2021		31 Dec 2020	
	N'000	%	N'000	%
Revenue	293,086,183	256	230,572,922	278
Bought in materials and services	-	-	-	-
Local	(171,173,915)	(149)	(142,934,692)	(172)
Imported	(9,734,167)	(8)	(6,702,037)	(8)
Other income and finance income	2,427,345	1	2,152,153	2
<b>Value added</b>	<b>114,605,446</b>	<b>100</b>	<b>83,088,346</b>	<b>100</b>
Applied as follows:				
<b>To pay employees</b>				
Wages, salaries and other benefits	25,397,761	22	13,532,309	16
<b>To pay providers of capital:</b>				
Finance costs	3,763,760	3	7,859,989	9
<b>To pay government:</b>				
Income tax expense	3,008,585	3	2,327,495	3
<b>Retained in the business</b>				
<b>To maintain and replace:</b>				
Property, plant and equipment	31,431,791	26	28,526,415	35
To deplete reserves	51,003,549	46	30,842,138	37
<b>Value added</b>	<b>114,605,446</b>	<b>100</b>	<b>83,088,346</b>	<b>100</b>
Company	31 Dec 2021		31 Dec 2020	
	N'000	%	N'000	%
Revenue	262,299,071	239	202,530,359	269
Bought in materials and services	-	-	-	-
Local	(145,818,794)	(133)	(122,487,377)	(162)
Imported	(8,920,280)	(8)	(6,701,133)	(9)
Other income and finance income	2,315,357	2	2,063,339	2
<b>Value added</b>	<b>109,875,354</b>	<b>100</b>	<b>75,405,188</b>	<b>100</b>
Applied as follows:				
<b>To pay employees</b>				
Wages, salaries and other benefits	22,634,078	21	11,502,849	15
<b>To pay providers of capital:</b>				
Finance costs	3,380,277	3	8,418,695	11
<b>To pay government:</b>				
Income tax expense	1,666,450	2	636,490	1
<b>Retained in the business</b>				
<b>To maintain and replace:</b>				
Depreciation of plant, property and equipment	28,738,637	24	26,132,270	35
To deplete reserves	53,455,912	50	28,714,884	38
<b>Value added</b>	<b>109,875,354</b>	<b>100</b>	<b>75,405,188</b>	<b>100</b>

# Lafarge Africa Plc

## Five year Financial Summary for the year ended 31 December 2021

Group	IFRS				
	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
<b>Financial position</b>					
<b>Capital employed:</b>					
Ordinary share capital	8,053,899	8,053,899	8,053,899	4,336,715	2,787,888
Share premium	435,148,731	435,148,731	435,148,731	350,945,748	222,272,108
Retained earnings	189,487,103	170,579,540	155,801,325	138,272,355	160,257,556
Deposit for shares	-	-	-	-	130,416,872
Foreign currency translation reserve	-	(14,611)	39,103	9,364,261	9,935,643
Other reserves on business combination and re-organisation	(254,129,057)	(254,129,057)	(254,129,057)	(368,683,312)	(368,683,312)
Non-controlling interest	-	-	-	305,322	-
<b>Total equity</b>	<b>378,560,676</b>	<b>359,638,502</b>	<b>344,914,001</b>	<b>134,541,089</b>	<b>156,986,755</b>
<b>Represented by:</b>					
Property, plant & equipment	338,721,747	348,328,150	369,797,229	394,488,764	393,651,934
Intangible assets	713,746	1,939,210	3,202,068	6,194,518	2,634,326
Investment in joint ventures	-	379,432	-	-	-
Other financial assets	-	964,796	767,253	1,301,148	1,582,622
Other assets	35,535,403	29,127,048	20,345,783	16,671,760	20,803,113
Deferred tax assets	15,292,417	23,404,073	27,994,154	28,720,032	17,514,432
Net current assets/(liabilities)	5,521,795	(24,484,811)	(9,366,049)	(119,289,276)	(189,550,565)
	<b>395,785,108</b>	<b>379,657,898</b>	<b>412,740,438</b>	<b>328,086,946</b>	<b>246,635,862</b>
Borrowings	(2,482,049)	(5,139,600)	(52,664,863)	(172,373,209)	(68,715,378)
Deferred tax liabilities	(9,116,700)	(9,401,523)	(9,966,699)	(10,200,112)	(11,025,943)
Provisions	(2,103,557)	(1,510,577)	(1,011,285)	(3,645,751)	(3,472,388)
Deferred revenue	(1,356,534)	(1,683,008)	(2,307,466)	(2,597,602)	(1,518,467)
Employee benefits obligation	(2,165,592)	(2,284,688)	(1,876,124)	(4,729,183)	(4,916,931)
<b>Net assets</b>	<b>378,560,676</b>	<b>359,638,502</b>	<b>344,914,001</b>	<b>134,541,089</b>	<b>156,986,755</b>
<b>Net assets per share (Naira)</b>	<b>2,350</b>	<b>2,233</b>	<b>1,551</b>	<b>2,816</b>	<b>4,542</b>

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				
	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
<b>Financial result</b>					
Revenue	293,086,183	230,572,922	212,999,066	308,425,456	299,153,305
Profit/(loss) before minimum tax	62,254,478	37,572,131	17,892,285	(19,508,228)	(34,032,277)
Profit/(loss) for the year	51,003,549	30,842,138	15,517,786	(8,801,726)	(34,601,409)
Dividend proposed	32,215,591	16,107,796	16,107,796	-	13,010,143
Per share data (Kobo)					
Earnings - Basic (continuing operation)	317	191	96	(105)	(637)
Earnings - Basic (continuing & discontinued operation)	317	191	715	-	-
Dividend proposed (kobo)	200	100	100	-	105
Dividend cover (times)	1.58	1.91	0.96	-	(6)
<b>Net assets per share (Naira)</b>	<b>2,350</b>	<b>2,233</b>	<b>2,141</b>	<b>1,551</b>	<b>2,816</b>

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 2021

Company	IFRS				
	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
<b>Financial position</b>					
<b>Capital employed:</b>					
Ordinary share capital	8,053,899	8,053,899	8,053,899	4,336,715	2,787,888
Share premium	435,148,731	435,148,731	435,148,731	350,945,748	222,272,108
Retained earnings	145,824,819	124,464,893	111,857,805	92,140,223	100,970,988
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)	(193,677,979)	(191,718,064)	(191,718,064)
<b>Total equity</b>	<b>395,349,470</b>	<b>373,974,933</b>	<b>361,421,559</b>	<b>255,743,725</b>	<b>264,768,895</b>
<b>Represented by:</b>					
Property, plant & equipment	273,704,651	287,447,215	308,650,770	291,775,732	292,872,779
Intangible assets	578,322	1,524,264	2,506,810	3,204,505	-
Investments in subsidiaries	63,906,867	63,906,867	63,906,867	178,923,532	182,088,406
Investment in joint venture	-	379,432	-	-	-
Other financial assets	-	964,796	767,253	1,134,509	1,556,738
Other assets	32,699,442	28,657,973	18,772,032	15,073,457	14,984,747
Deferred tax assets	15,292,417	23,404,073	27,994,154	27,950,907	16,333,384
Net current assets/(liabilities)	14,016,327	(25,474,680)	(11,732,271)	(114,241,023)	(174,121,882)
	<b>400,198,026</b>	<b>380,809,940</b>	<b>410,865,615</b>	<b>403,821,619</b>	<b>333,714,172</b>
Borrowings	(709,077)	(2,774,394)	(45,899,963)	(144,391,743)	(64,900,757)
Provisions	(1,193,962)	(817,124)	(547,403)	(618,970)	(909,320)
Deferred revenue	(1,123,575)	(1,234,307)	(1,345,039)	(1,455,770)	(1,518,467)
Employee benefits obligation	(1,821,942)	(2,009,182)	(1,651,651)	(1,611,411)	(1,616,733)
<b>Net assets</b>	<b>395,349,470</b>	<b>373,974,933</b>	<b>361,421,559</b>	<b>255,743,725</b>	<b>264,768,895</b>
<b>Net assets per share (Naira)</b>	<b>2,454</b>	<b>2,322</b>	<b>4,488</b>	<b>2,949</b>	<b>6,205</b>

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				
	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
<b>Financial result</b>					
Revenue	262,299,071	202,530,359	188,407,004	187,043,475	177,170,362
Profit/(loss) before minimum tax	63,649,528	34,319,046	24,318,017	(7,408,583)	(7,098,191)
Profit/(loss) for the year	53,455,912	28,714,884	22,721,616	4,141,764	(13,223,626)
Dividend proposed	32,215,591	16,107,796	16,107,796	-	13,010,143
<b>Per share data (Kobo)</b>					
Earnings - Basic (continuing & discontinued operations)	332	178	141	48	(240)
Earnings - Basic (discontinued operations)	333	178	141	-	-
Dividend proposed (kobo)	200	100	100	-	150
Dividend cover (times)	1.66	1.78	1.41	-	(1.02)
<b>Net assets per share (Naira)</b>	<b>2,454</b>	<b>2,322</b>	<b>2,244</b>	<b>2,949</b>	<b>4,749</b>

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.