

as at

	Notes	Group		Company	
		31 Dec 2019** N'000	31 Dec 2018 N'000	31 Dec 2019*** N'000	31 Dec 2018 N'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	369,797,229	394,488,764	308,650,770	291,775,732
Intangible assets	17	3,202,068	6,194,518	2,506,810	3,204,505
Investments in subsidiaries	18.1	-	-	63,906,867	178,923,532
Other financial assets	19	767,253	1,301,148	767,253	1,134,509
Other assets	21	20,345,783	16,671,760	18,772,032	15,073,457
Deferred tax assets	14.7	27,994,154	28,720,032	27,994,154	27,950,907
Total non-current assets		422,106,487	447,376,222	422,597,886	518,062,642
Current assets					
Inventories	22	32,440,770	47,156,521	25,679,521	28,921,467
Trade and other receivables	23	8,193,050	21,163,994	20,452,686	11,167,705
Current tax assets	14.4	-	658,291	-	-
Other assets	21	6,302,759	10,594,409	4,958,939	8,661,903
Other financial assets	19	1,005,200	1,140,956	1,001,586	605,230
Derivative assets	20	-	95,573	-	95,573
Cash and cash equivalents	24	27,103,942	12,550,697	25,391,035	10,177,776
Total current assets		75,045,721	93,360,441	77,483,767	59,629,654
Total assets		497,152,208	540,736,663	500,081,653	577,692,296
LIABILITIES					
Non-current liabilities					
Loans and borrowings	30	52,664,863	172,373,209	45,899,963	144,391,743
Employee benefit obligations	33	1,876,124	4,729,183	1,651,651	1,611,411
Deferred income	32	2,307,466	2,597,602	1,345,039	1,455,770
Provisions	31	1,011,285	3,645,751	547,403	618,970
Deferred tax liabilities	14.7	9,966,699	10,200,112	-	-
Total non-current liabilities		67,826,437	193,545,857	49,444,056	148,077,894
Current liabilities					
Loans and borrowings	30	11,520,252	93,833,850	14,666,562	105,685,719
Deferred income	32	539,263	315,452	110,732	110,732
Bank overdrafts	24.2	27,552	35,280,945	27,552	16,862,345
Derivative liabilities	20	-	244,176	-	244,176
Trade and other payables	34	69,717,897	80,537,816	72,577,646	49,921,178
Provisions	31	677,349	1,281,247	604,451	845,328
Current tax liabilities	14.5	1,929,457	1,156,231	1,229,095	201,199
Total current liabilities		84,411,770	212,649,717	89,216,038	173,870,677
Total liabilities		152,238,207	406,195,574	138,660,094	321,948,571
EQUITY					
Share capital	25.1	8,053,899	4,336,715	8,053,899	4,336,715
Share premium	25.2	435,148,731	350,945,748	435,148,731	350,945,748
Retained earnings		155,801,325	138,272,355	111,857,805	92,140,223
Foreign currency translation reserve	28	39,103	9,364,261	39,103	39,103
Other reserves arising on business combination and re-organisations	29	(254,129,057)	(368,683,312)	(193,677,979)	(191,718,064)
Capital and reserves attributable to owners		344,914,001	134,235,767	361,421,559	255,743,725
Non-controlling interests	18.3	-	305,322	-	-
Total equity		344,914,001	134,541,089	361,421,559	255,743,725
Total equity and liabilities		497,152,208	540,736,663	500,081,653	577,692,296

**Following the disposal of Lafarge South Africa Holdings (Pty) Limited (LSAH) effective 31 July 2019, the financial position of LSAH has been deconsolidated and is therefore not included in the Group statement of financial position as at 31 December 2019. The 2018 Group numbers include the financial position of LSAH prior to the disposal.

***Subsequent to the merger of the Company with Lafarge Readymix Nig Ltd during the year, the 2019 Company numbers include the merged entity's financial position as at 31 December, 2019. The 2018 Company numbers are those of the Company prior to the merger.

The accompanying notes and significant accounting policies on pages 52 to 116 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 30th March 2020 and were signed on its behalf by:



Mobolaji Balogun
Chairman
FRC/2013/CISN/00000004945



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



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

Attributable to equity holders of the parent

Group	Notes	Share capital N'000	Share premium N'000	Retained earnings N'000	Deposit for shares N'000	Foreign currency translation reserve N'000	Other reserves arising on business combination and re-organisations N'000	Total N'000	Non-controlling interests N'000	Total equity N'000
Balance at 1 January 2018		2,787,888	222,272,108	160,257,556	130,416,872	9,935,643	(368,683,312)	156,986,755	-	156,986,755
(Loss)/profit for the year		-	-	(9,107,048)	-	-	-	(9,107,048)	305,322	(8,801,726)
Other comprehensive income (Net of tax)		-	-	131,990	-	(571,382)	-	(439,392)	-	(439,392)
Total comprehensive income for the period		-	-	(8,975,058)	-	(571,382)	-	(9,546,440)	305,322	(9,241,118)
Transactions with owners:										
Issue of shares	25	1,548,827	130,101,427	-	-	-	-	131,650,254	-	131,650,254
Deposit for shares		-	-	-	(130,416,872)	-	-	(130,416,872)	-	(130,416,872)
Dividends declared	34.3	-	-	(13,010,143)	-	-	-	(13,010,143)	-	(13,010,143)
Right issue costs	25.2	-	(1,427,787)	-	-	-	-	(1,427,787)	-	(1,427,787)
Total transaction with owners		1,548,827	128,673,640	(13,010,143)	(130,416,872)	-	-	(13,204,548)	-	(13,204,548)
Balance at 31 December 2018		4,336,715	350,945,748	138,272,355	-	9,364,261	(368,683,312)	134,235,767	305,322	134,541,089
Adjustment on initial application of IFRS 16, net of tax	2.2.2	-	-	(2,938,886)	-	-	-	(2,938,886)	-	(2,938,886)
Adjusted balance at 1 January 2019		4,336,715	350,945,748	135,333,469	-	9,364,261	(368,683,312)	131,296,881	305,322	131,602,203
Profit for the year		-	-	115,104,352	-	-	-	115,104,352	-	115,104,352
Other comprehensive income (Net of tax)		-	-	(65,148)	-	-	-	(65,148)	-	(65,148)
Total comprehensive income for the year	18.3	-	-	115,039,204	-	-	-	115,039,204	-	115,039,204
Transaction with owners:										
Issue of shares	25	3,717,184	86,495,223	-	-	-	-	89,212,407	-	89,212,407
Reserves released upon disposal of subsidiary company		-	-	(94,571,348)	-	-	114,554,255	19,982,907	-	19,982,907
Elimination of FCTR on loss of control of subsidiary		-	-	-	-	(9,325,158)	-	(9,325,158)	-	(9,325,158)
Elimination of NCI on loss of control of subsidiary	18.3	-	-	-	-	-	-	-	(305,322)	(305,322)
Right issue costs	25.2	-	(1,292,240)	-	-	-	-	(1,292,240)	-	(1,292,240)
Total transaction with owners		3,717,184	84,202,983	(94,571,348)	-	(9,325,158)	114,554,255	98,577,916	(305,322)	98,272,594
Balance at 31 December 2019		8,053,899	435,148,731	155,801,325	-	39,103	(254,129,057)	344,914,001	-	344,914,001

The accompanying notes and significant accounting policies on pages 52 to 116 form an integral part of these financial statements.

Company*

		Attributable to equity holders of the parent				Foreign currency translation reserve		Other reserves arising on business combination and re-organisations		Total equity	
Notes		Share capital N'000	Share premium N'000	Retained earnings N'000	Deposit for shares N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2018		2,787,888	222,272,108	100,970,988	130,416,872	39,103	(191,718,064)			264,768,895	
Profit for the year		-	-	4,141,764	-	-	-	-	-	4,141,764	
Other comprehensive income (Net of tax)		-	-	37,614	-	-	-	-	-	37,614	
Total comprehensive income for the period		-	-	4,179,378	-	-	-	-	-	4,179,378	
Transaction with owners:											
Issue of shares		1,548,827	130,101,427	-	-	-	-	-	-	131,650,254	
Deposit for shares		-	-	-	(130,416,872)	-	-	-	-	(130,416,872)	
Right issue costs		-	(1,427,787)	-	-	-	-	-	-	(1,427,787)	
Dividends declared		-	-	(13,010,143)	-	-	-	-	-	(13,010,143)	
Total transaction with owners		1,548,827	128,673,640	(13,010,143)	(130,416,872)	-	-	-	-	(13,204,548)	
Balance at 31 December 2018		4,336,715	350,945,748	92,140,223	-	39,103	(191,718,064)			255,743,725	
Adjustment on initial application of IFRS 16, net of tax		-	-	(2,938,886)	-	-	-	-	-	(2,938,886)	
At 1 January 2019		4,336,715	350,945,748	89,201,337	-	39,103	(191,718,064)			252,804,839	
Profit for the year		-	-	22,721,616	-	-	-	-	-	22,721,616	
Other comprehensive income (Net of tax)		-	-	(65,148)	-	-	-	-	-	(65,148)	
Total comprehensive income for the period		-	-	22,656,468	-	-	-	-	-	22,656,468	
Transaction with owners:											
Issue of shares		3,717,184	85,495,223	-	-	-	-	-	-	89,212,407	
Movement in reserves arising from business combination		-	-	-	-	-	-	(1,959,915)	-	(1,959,915)	
Right issue costs		-	(1,292,240)	-	-	-	-	-	-	(1,292,240)	
Total transaction with owners		3,717,184	84,202,983	-	-	-	-	(1,959,915)	-	85,960,252	
Balance at 31 December 2019		8,053,899	435,148,731	111,857,805	-	39,103	(193,677,979)			361,421,559	

*Subsequent to the merger of the Company with Lafarge Readymix Nig Ltd during the year, the 2019 Company numbers include the merged entity's as at 31 December, 2019. The 2018 Company numbers are those of the Company prior to the merger.

The accompanying notes and significant accounting policies on pages 52 to 116 form an integral part of these financial statements.

	Notes	Group		Company	
		31 Dec 2019 N'000	31 Dec 2018** N'000	31 Dec 2019* N'000	31 Dec 2018 N'000
Cash flows from operating activities:					
Profit/(loss) after tax		115,104,352	(8,801,726)	22,721,616	4,141,764
Adjustments to reconcile Profit/(loss) for the year to net cash flows:					
Profit after tax from discontinued operation	18.2.1	(99,586,566)	-	-	-
Depreciation	16.7	29,497,370	22,288,279	27,160,431	16,369,888
Impairment losses on property, plant and equipment	16	389,911	925,207	389,911	219,000
Amortization of intangible asset	17	672,260	494,990	518,036	2,280
Impairment of investments in subsidiaries	13	-	-	-	3,174,874
Other non-cash items	35.3	235,915	(59,859)	273,133	(1,107,304)
Net unrealized foreign exchange loss		938,438	6,206,982	1,156,074	3,885,150
Finance costs	12(b)	20,176,509	37,526,676	20,950,366	34,890,220
Finance income	12(a)	(3,158,586)	(1,719,176)	(2,826,859)	(1,317,064)
Dividend income	10.4	-	(1,977)	(7,934,772)	-
Share of loss from joint venture		-	65,155	-	-
Income tax expense/(credit)	14.1	1,697,180	(10,706,502)	919,082	(11,550,347)
Minimum tax	14.1	677,319	-	677,319	-
Provisions and net movement on employee benefits	35.1.6	(877,418)	(234,601)	(494,675)	(237,782)
Change in net working capital	35.1	15,539,626	(16,130,965)	13,766,030	(8,758,260)
Cash flow generated from operations		81,306,310	29,852,483	77,275,692	39,712,419
Income taxes paid	14.6	(1,078,785)	(1,887,486)	-	(587,307)
Net cash flow generated from operating activities		80,227,525	27,964,997	77,275,692	39,125,112
Cash flows from investing activities					
Acquisition of property, plant and equipment	16.1	(22,306,615)	(21,844,551)	(15,777,938)	(10,512,487)
Acquisition of intangible assets	17	(531,386)	(4,220,284)	(531,386)	(3,206,785)
Interest received	12 (c)	2,686,767	1,180,509	2,355,040	986,135
Disposal of discontinued operation, net of cash disposed	18.2.5	38,317	-	38,317	-
Dividend received from unlisted investments	10.4	-	1,977	-	-
Dividend received from subsidiaries	10.4	-	-	7,934,772	-
Proceeds from sale of property, plant and equipment	35.2	62,221	969,990	62,221	931,931
Net cash flow used in investing activities		(20,050,696)	(23,912,359)	(5,918,974)	(11,801,206)
Cash flows from financing activities					
Interest paid	12 (d)	(13,986,540)	(37,298,875)	(13,996,970)	(33,794,289)
Dividend paid to equity holders of the company	34.3	(4,220,596)	(11,845,272)	(4,220,596)	(11,845,272)
Transaction cost on rights issue	27.1	(589,856)	(1,555,428)	(589,856)	(1,555,428)
Cash paid from futures and forward contracts		(1,231,189)	(5,536,300)	(1,231,188)	(5,536,300)
Net proceed from rights issues	27.1	89,212,408	19,378,284	89,212,408	19,378,284
Proceeds from loans and borrowings	30.6	5,358,703	99,712,346	2,500,000	81,266,692
Repayment of lease liabilities	30.6	(9,435,820)	-	(9,429,245)	-
Repayment of loans and borrowings	30.6	(92,301,404)	(87,925,710)	(101,903,582)	(88,528,977)
Net cash inflow used in financing activities		(27,194,294)	(25,070,955)	(39,659,029)	(40,615,290)
Net increase/ (decrease) in cash and cash equivalents from continuing operation		32,982,535	(21,018,317)	31,697,689	(13,291,384)
Cash and cash equivalents at the beginning of the year	24.2	(23,808,042)	(1,148,616)	(7,762,363)	6,179,481
Net bank overdraft arising from deconsolidation of discontinued operation		16,527,094	-	-	-
Cash and cash equivalents arising from merger	18.4	-	-	50,645	-
Effects of exchange rate changes on cash and cash equivalents		(1,032)	(1,641,109)	1,678	(650,460)
Cash and cash equivalents at the end of the year	24.2	25,700,556	(23,808,042)	23,987,649	(7,762,363)

* Subsequent to the merger of the Company with Lafarge Readymix Nig Ltd during the year, the 2019 Company numbers include the merged entity's as at 31 December, 2019. The 2018 Company numbers are those of the Company prior to the merger.

** Following the disposal of Lafarge South Africa Holdings (Pty) Limited (LSAH) effective 31 July 2019, the financial position of LSAH has been deconsolidated and is therefore not included in the Group statement of financial position as at 31 December 2019. The 2018 Group numbers include the financial position of LSAH prior to the disposal. Comparative information in 2018 for the statement of cashflows has not been represented.

The accompanying notes and significant accounting policies on pages 52 to 116 form an integral part of these 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 same as the registered office.

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

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

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

Wapsila Nigeria Limited was incorporated in Nigeria on 1 December 2014 as a wholly owned subsidiary of Lafarge Africa Plc. Its main business is the generation and sale of power. The Company is yet to commence operations as at 31 December 2019.

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

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

The Group's subsidiaries are as stated below;

31 December 2019	31 December 2018
AshakaCem Limited	AshakaCem Limited
Wapsila Nigeria Limited	Wapsila Nigeria Limited
	Lafarge Ready Mix Nigeria Limited
	Lafarge South Africa Holdings (PTY) Limited

2 Summary of significant accounting policies**2.1 Introduction to summary of significant accounting policies**

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

2.2 Basis of preparation**i) Compliance with IFRS**

These consolidated and separate financial statements of Lafarge Africa Plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies and Allied Matters Act CAP C.20 Laws of the Federation of Nigeria, 2004 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 30th March 2020.

The financial statements comprise the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of financial position, the consolidated and separate statement of changes in equity, the consolidated and separate statement of cash flows and the notes to the financial statements.

This is the first set of the Group's annual financial statements in which IFRS 16 Leases have been applied. Changes to significant accounting policies are described 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

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

iii) Use of judgements and accounting estimates

In preparing these consolidated and separate financial statements, management has made judgments, estimates and assumptions that affect the application of the Group/Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Judgements

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is disclosed in Note 3.2.

2.2.1 Going concern

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

2.2.2 Changes in accounting policies and disclosures

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

IFRS 16 – Leases

The Group initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

Policy applicable from 1 January 2019

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.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B) As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipments. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-statement of financial position.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

I) Leases classified as operating leases under IAS 17

IFRS 16 Leases which replaces IAS 17 Leases and related interpretations was adopted for the year starting January 1, 2019. The new standard no longer requires a distinction between finance and operating leases for lessees but requires lessees to recognize a lease liability for future lease payments and a corresponding right-of use asset. In the income statement, the expenses comprise a depreciation charge reflecting the consumption of economic benefits and an interest

expense reflecting the unwinding of the lease liability which is accounted for as a finance cost.

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019.

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. The Group applied the new standard in accordance with the modified retrospective approach without restatement of the comparative period in accordance with the transitional provisions of IFRS 16. Leases that previously were accounted for as operating leases under IAS 17 were recognized at the present value of the remaining lease payments as of January 1, 2019 and discounted with the incremental borrowing rate as of that date.

Disclosure on Impact of IFRS 16 and Transition Note

Lease liability and Right-of-use

Lease liability and Right-of-use assets (note 1.1) explains the accounting policy changes and the initial application of IFRS 16 as of January 1, 2019. As part of its activities, the Group has entered into various lease agreements as lessee, largely for trucks and heavy mobile equipment, for land and buildings.

Transition adjustments

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Transition adjustments were recognized on initial application of IFRS 16 as of January 1, 2019. On transition to IFRS 16, the group recognized additional right-of-use assets and additional lease liabilities, recognizing the difference in retained earnings as shown below.

1.1 Impact on transition

Group

Statement of Financial Position	1 January 2019	
		N'000
Recognition of right of use asset	26,431,729	
Decrease in prepaid expenses and other current assets	(6,793,951)	
Total Assets	19,637,778	
Current portion of Long term leases liability	5,773,148	
Long term leases liability	16,803,516	
Total Liabilities	22,576,664	
Retained earnings	(2,938,886)	
Total Liabilities & Equity	19,637,778	

Company

Statement of Financial Position	1 January 2019	
		N'000
Recognition of right of use asset	26,414,706	
Decrease in prepaid expenses and other current assets	(6,787,534)	
Total Assets	19,627,173	
Current portion of Long term leases liability	5,763,594	
Long term leases liability	16,802,465	
Total Liabilities	22,566,059	
Retained earnings	(2,938,886)	
Total Liabilities & Equity	19,627,173	

The measurement of right-of-use assets at the lease commencement date resulted in a ₦2.9 billion impact on equity for the group and company, resulting from depreciation and interest expense. The right-of-use assets as of January 1, 2019 amounted to ₦26.43 billion (Group) and ₦26.41 billion (Company), which is comprised of as follows:

	Group	Company
	1 Jan	1 Jan
	2019	2019
	N'000	N'000
Land	13,442	13,442
Building	968,260	951,236
Machines	1,778,259	1,778,259
Vehicles	23,671,768	23,671,768
	26,431,729	26,414,705

Additions to right-of-use assets in 2019 amounted to ₦4.3 billion. As December 31, 2019, "Property, plant and equipment" amounting to ₦19.5 billion relate to right-of use assets. The total payments for leases in the financial year amount to ₦12.68 billion, of which ₦3.24 billion pertained to interest paid which is presented in cash flow from financing activities and ₦9.44 billion presented in cash flow from financing activities in the position "Repayment of lease liabilities" for both Group and Company.

The lease liability as of January 1, 2019 amounted to ₦22.58 billion for Group and ₦22.57 billion for Company, of which ₦5.78 billion and ₦5.76 billion were recorded in "Current loans and borrowings" for Group and Company respectively, while ₦16.8 billion was recorded in "Long-term loans and borrowings" for both Group and Company. The weighted average incremental borrowing rate used for the discounting as of January 1, 2019 is

based on the Group's portfolio of leases and totals 17.8%.

II) Leases in which the Group is a lessor

There is no significant impact for leases in which the Group is a lessor as at 1 January 2019.

Other standards

The following amended standards and interpretations effective January 1 2019 do not have a material effect on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards

Standards issued but not yet effective

The following amended standards and interpretations effective for financial year commencing from 1 January 2020 are not expected to have a significant impact on the Group's consolidated financial statements.

- i) Amendments to References to Conceptual Framework in IFRS Standards
- ii) Definition of a Business (Amendments to IFRS 3)
- iii) Definition of Material (Amendments to IAS 1 and IAS 8)
- iv) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

2.3 Principles of consolidation and equity accounting

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

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

Common control business combination and re-organization:

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

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

- a) Under a pooling of interest-type method, the Group accounts for the combination as follows:
The assets and liabilities of the acquiree are recorded at book value and not at fair value.

- b) Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).
- c) No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is recorded directly in equity.
- d) Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.
- e) Any expenses of the combination are written off immediately in the statement of profit or loss and comprehensive income.
- f) For business combinations, comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented. For capital re-organisations between entities already controlled by Lafarge Africa, transactions are effected as though they started at the beginning of the year of merger using the book value of the entities. Comparatives are not restated.
- g) Adjustments are made to achieve uniform accounting policies.

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

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

- ii) **Non-controlling interests (NCI)**
NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions.
- iii) **Loss of control**
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.
- iv) **Joint arrangements**
The Group's joint arrangements are classified as joint venture. A joint venture is an arrangement in which the Group and other parties have joint control, whereby the group has rights to the net assets of the joint arrangement. The classification is based on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

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

- v) **Interest in equity-accounted investees**

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

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

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

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

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

- vi) **Impairment assessment of investments in subsidiary**

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

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

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

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

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

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

2.4 Discontinued operations

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

Classification as discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

2.5 Foreign currency translations

- a) Functional and presentation currency
Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the Nigerian entities is Nigerian Naira and South Africa Rand for the South African entities. The presentation currency of the Group is the Nigerian Naira (₦).
- b) Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of the entities of the Group by applying the exchange rate at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the

date when the fair value is determined. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

- c) Foreign operations
On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

The exchange differences arising on the translation are recorded in other comprehensive income under "Exchange differences on translation of foreign operations". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recorded in equity is recycled to the statement of profit or loss as part of gain or loss on disposal. The same is applicable in a loss of significant influence or joint control.

If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2.6 Revenue recognition

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 expenses

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair

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

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

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

2.9 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.

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.

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.

2.11 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine

whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment

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

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

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
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Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised if any, in profit or loss.
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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.
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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.
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2.12 Cash and cash equivalents

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

other supplies (consumables) is based on the weighted average cost.

In the case of manufactured inventories (finished goods) 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.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of raw materials, spare parts, other supplies (consumables) is based on the weighted average cost.

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

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

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

2.14 Financial instruments

2.14.1 Financial assets

Non-Derivative financial assets:

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets

are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
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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.
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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.
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Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2.14.2 Financial liabilities

Non-Derivative financial liabilities:

- i) Classification

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

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

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

2.14.3 Derecognition

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

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

2.14.4 Offsetting financial instruments

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

2.14.5 Impairment of financial assets

(i) Non-derivative financial assets

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

The Expected credit losses for trade and other receivables are estimated using a provision matrix. 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.

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.

Write-off

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

Derivative financial instruments

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

2.15 Property, plant and equipment

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

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

Spares expected to be used for more than one year and which meet the capitalisation threshold are capitalised and depreciated over a period of 3-10 years.

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

Freehold or leasehold land with indefinite extension is not depreciated by the Group. Depreciation of property,

plant and equipment is calculated using the straight-line method to write down the cost to the residual values over the estimated useful lives, as follows:

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

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

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

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

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

Right-of-use assets

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

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

2.15.1 Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of

assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

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

2.15.2 Inspection costs

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

2.16 Intangible assets

Initial recognition and measurement

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

- they are identifiable,
- they are controlled by the entity because of past events, and
- It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

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

Subsequent recognition

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

Amortisation methods and periods

The useful lives of intangible assets are assessed as finite.

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

intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Derecognition

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

2.16.1 Software

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

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

2.17 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

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

2.18 Provisions

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

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

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

specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

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

2.18.1 Contingent liabilities

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

2.18.2 Site restoration provisions

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

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

2.19 Exploration and evaluation

- (a) Pre-licence costs
Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.
- (b) Exploration and evaluation expenditure
Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource
Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
 - Gathering exploration data through geophysical studies
 - Exploratory drilling and sampling
 - Determining and examining the volume and grade of the resource
 - Surveying transportation and infrastructure requirements
 - Conducting market and finance studies
- Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

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

2.20 Employee benefits

a) Short-term employee benefits

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

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

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

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

c) Post-employment benefit obligations

i) 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. Lafarge South Africa facilitate and contribute to the provision of retirement benefits for all permanent employees in accordance with South African Pension Funds Act, 1956.

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.

ii) **Defined benefit plans**

Lafarge South Africa operates defined benefit plans for certain qualifying employees. The scheme includes post-retirement medical and retirement gratuity benefits. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

The estimated cost of providing such benefits is charged to the statement of profit or loss on a systematic basis over the employees' working lives.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are recognised in other comprehensive income in the period in which they arise and accumulated in retained earnings.

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.

d) **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those

benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.21 **Share capital**

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds

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

2.22 **Dividends**

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

Dividends which remained 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 385 of the Companies and Allied Matters Act CAP C.20 Laws of the Federation of Nigeria, 2004 are written back to retained earnings.

2.23 **Earnings per share**

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

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

2.24 **Prepayment for gas**

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

As the prepaid gas assets are utilised, they are expensed and recorded in the income statement in the period in which they are utilised.

2.25 **Statement of cash flows**

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

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and

expenses from cash transactions that are attributable to investing or financing activities are eliminated for the purpose of preparing the statement.

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

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

2.26 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

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

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

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

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

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

Note 4.3.1 – Financial Instrument – Fair value measurement.

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

2.27 Operating profit

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

3 Accounting estimates and judgments

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

3.1 Judgements

Leases

The judgement on whether the Group is reasonably certain to exercise extension options is disclosed in Note 2.2.2 (1).

3.2 Key sources of estimation uncertainty

3.2.1 Site restoration provisions

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

3.2.2 Trade receivables

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes significant assumptions in line with the expected credit loss model of IFRS 9 in determining the weighted average loss rate. See further details in Note 23.

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. Based on management's assessment, this is the NAFEX rate because it is the rate that will be used for dividend remittance by the foreign subsidiary.

3.2.4 Staff gratuities and Long Service awards

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

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

3.2.5 Impairment of Property, Plant and Equipment

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

The assessment for impairment entailed comparing the carrying value of the cash generating unit with its recoverable amount. The recoverable amount is based on an estimate of the value in use of these assets. Value in use is determined on the basis of discounted estimated future net cash flows. During the year, the Group recognised impairment losses in respect of crusher in Mfamosing Plant, Exploration and evaluation costs and items of PPE in aggregation sites in South Africa. 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 16.3.

3.2.6 Exploration and evaluation

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

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

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

3.2.7 Provisions and Contingencies

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

3.2.8 Prepayment for Gas

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

The Company performs an assessment to determine whether the prepaid gas asset is recoverable within the contract period. This assessment contains elements based on judgments and assumptions that are impacted by future production volumes, forecasted growth rates and gas utilisation levels as well as the ability of the vendor to fulfill its obligations under the terms of the contract. There is a risk that actual outcomes may differ from expectations. Further details are included in Note 21.1 on Prepayment for Gas.

3.2.9 Income and minimum tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In the current year, the Group and Company calculated minimum tax for 31 December 2019 in line with the requirements of the Finance Act, 2019 which was passed into law in February 2020.

The Company believes that its treatment of minimum tax is adequate based on its assessment of factors including interpretations of tax law and prior experience with the tax authorities.

4 Financial risk management

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

4.1 Financial risk factors

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

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

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

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

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

4.1.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss 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.

(a) Credit risk management

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

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

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

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

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

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

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

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Trade receivables - Net (Note 23)	2,219,293	13,557,082	2,751,989	2,125,426
Other receivables (Note 23)	5,973,757	7,606,912	17,700,697	9,042,279
Other financial assets (Note 19) **	1,772,453	2,276,013	1,768,839	1,739,739
Cash and cash equivalents (Note 24)	27,103,942	12,550,697	25,391,035	10,177,776
Derivative assets	-	95,573	-	95,573
	37,069,445	36,086,277	47,612,560	23,180,793

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 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Neither past due nor impaired (Stage 1)				
0 - 30 days	780,371	12,728,402	1,408,012	1,432,180
Past due but not impaired (Stage 2)				
The ageing of amounts past due but not impaired is as follows:				
31 - 60 days	761,170	649,203	710,604	502,421
61 - 90 days	245,384	136,046	179,473	89,753
Over 90 days	432,368	43,431	453,900	101,072
	1,438,922	828,680	1,343,977	693,246
Impaired (Stage 3)				
Credit impaired	275,494	764,220	264,283	149,573
Total amount exposed to credit risk (Gross)	2,494,787	14,321,302	3,016,272	2,274,999
Impairment allowance (Note 23.3)	(275,494)	(764,220)	(264,284)	(149,573)
Total amount exposed to credit risk (Net)	2,219,293	13,557,082	2,751,988	2,125,426

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

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

Impairment of trade receivables

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

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

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

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

Reconciliation of changes in the allowance for credit losses impairment account is disclosed in Note 23.3.

Expected credit loss assessment for corporate customers as at 31 December 2019

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.

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 (2019). The credit ratings of the banks with the bank balances are shown below.

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Cash at bank				
AAA	1,699,833	558,986	1,633,201	537,553
AA+	-	5,336	-	-
AA-	-	63,241	-	-
A+	-	8,347	-	8,347
B+	138,605	333,022	135,494	
B	20,630,414	8,007,595	19,143,125	7,706,995
B-	-	130,748	-	78,710
F1	1,976,911	127,889	1,922,558	96,885
F3	-	28,211	-	28,211
	24,445,763	9,263,375	22,834,378	8,456,701
Restricted cash at bank	1,375,834	1,077,794	1,375,834	1,077,794
Others**	1,282,345	2,209,528	1,180,823	643,281
Total cash and cash equivalents	27,103,942	12,550,697	25,391,035	10,177,776

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

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

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

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

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

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

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

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

Trade receivables

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Counterparties without external rating				
Group 1 - New customers < 1 year	283,601	1,611,707	176,801	727,865
Group 2 - Existing customer with no default	229,148	10,184,281	974,378	521,989
Group 3 - Existing customer with default	267,622	932,414	256,833	182,326
	780,371	12,728,402	1,408,012	1,432,180

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:

- N22.4billion overdraft facility that is unsecured. Interest payable ranges from 11% - 15%.
- N44.5billion revolving credit facility that is unsecured and can be drawn to meet short-term financing needs. Interest payable is 15%.

(b) Maturities of financial liabilities

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

The Group maintains the following lines of credit:

- N22.4billion overdraft facility that is unsecured. Interest payable ranges from 11% - 15%.

- N44.5billion revolving credit facility that is unsecured and can be drawn to meet short-term financing needs. Interest payable is 15%.

Group

31 December 2019	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Non derivative financial instruments					
Interest-bearing loans and borrowings	64,185,115	81,583,307	22,026,857	55,610,893	3,945,557
Trade and other payables**	46,709,084	46,709,084	46,709,084	-	-
Bank overdraft	27,552	27,552	27,552	-	-
	110,921,751	128,319,943	68,763,493	55,610,893	3,945,557
31 December 2018					
	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Non derivative financial instruments					
Interest-bearing loans and borrowings	266,207,059	271,796,196	108,570,315	41,009,771	122,216,110
Trade and other payables**	73,918,278	73,918,278	73,918,278	-	-
Bank overdraft	35,280,945	35,280,945	35,280,945	-	-
Derivative financial instruments					
Derivative liability	244,176	247,805	247,805	-	-
	375,650,458	381,243,224	218,017,343	41,009,771	122,216,110

Company

31 December 2019	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Non derivative financial instruments					
Interest-bearing loans and borrowings	55,984,112	71,436,334	18,862,919	51,639,929	933,485
Trade and other payables**	50,951,185	50,951,185	50,951,185	-	-
Bank overdraft	27,552	27,552	27,552	-	-
	106,962,849	122,415,071	69,841,656	51,639,929	933,485
31 December 2018					
	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Non derivative financial instruments					
Interest-bearing loans and borrowings	250,077,462	254,633,695	97,974,390	38,002,862	118,656,443
Trade and other payables**	44,254,829	44,254,829	44,254,829	-	-
Bank overdraft	16,862,345	16,862,345	16,862,345	-	-
Derivative financial instruments					
Derivative liability	244,176	247,805	247,805	-	-
	311,438,812	315,998,674	159,339,369	38,002,862	118,656,443

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

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

4.1.3 Market risk

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

(I) Interest rate risk

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

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

Floating interest rate (variable rate):

The financial liabilities with floating interest rates are shown below;

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
<i>Foreign denominated variable rates</i>				
Related party loan (Note 30.4)	-	140,411,911	-	129,996,764
	-	140,411,911	-	129,996,764
<i>Fixed rates for financial liabilities :</i>				
The financial liabilities with fixed interest rates are shown below;				
<i>Foreign denominated fixed rates</i>				
Lafarge Gypsum S. A Pty Ltd	-	315,008	-	-
	-	315,008	-	-
<i>Naira denominated fixed rates</i>				
Power Fund (7%, 9%)	12,373,343	11,345,910	4,181,322	5,946,467
Bond (14.25%/14.75%)	33,849,197	60,249,338	33,849,198	60,249,338
Lease liabilities	17,358,549	-	17,349,567	-
Short term bank loans (16.53% - 17.01% p.a)	604,026	53,884,892	604,025	53,884,893
Bank overdrafts	27,552	35,280,945	27,552	16,862,345
	64,212,667	160,761,085	56,011,664	136,943,043
Total	64,212,667	301,488,004	56,011,664	266,939,807

Floating interest rate (variable rate):

The financial assets with floating interest rates are shown below;

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
<i>Foreign denominated variable rates</i>				
Loan to CBI Ghana (12 months LIBOR +11%)	1,762,507	1,739,739	1,762,507	1,739,739
	1,762,507	1,739,739	1,762,507	1,739,739

Sensitivity of interest rates for financial liabilities

The Group is exposed to cash flow interest rate risk on related party loans and bank overdrafts. 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 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
<i>Foreign denominated variable rates</i>				
Interest rates- decrease by 200 basis point	-	(2,808,238)	-	(2,599,935)
Interest rates- Increase by 200 basis point	-	2,808,238	-	2,599,935

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 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
<i>Foreign denominated variable rates</i>				
Interest rates- decrease by 200 basis point	(35,250)	(34,795)	(35,250)	(34,795)
Interest rates- Increase by 200 basis point	35,250	34,795	35,250	34,795

(ii) Foreign exchange risk

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

The following table details the Group's sensitivity to a 21%, increase and decrease in Naira against US dollar, Euro, Great Britain's Pound (GBP), Swiss Franc (CHF) and South Africa Rand (ZAR). Management believes that a 21% movement in either direction is reasonably possible at the 31 December 2019. The sensitivity analyses below include outstanding US dollar denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 21% against the US dollar. For a 21% weakening of Naira against the US dollar there would be an equal and opposite impact on profit, and the balances below would be negative.

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

	31 Dec 2019		31 Dec 2018	
	Average rates	Closing rates	Average rates	Closing rates
US Dollars	361.65	363.92	347.07	358.6
Euros	404.83	407.81	409.93	410.24
GBP (Great Britain Pounds)	461.73	478.08	463.36	456.61
ZAR	25.05	25.85	26.38	24.89
CHF	363.97	375.53	354.84	364.12

Foreign currency denominated balances

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	000	000	000	000
US Dollar				
Financial assets				
Cash and cash equivalents	6,459	3,904	6,051	3,619
Loan receivables	5,759	4,994	5,759	4,994
Financial liabilities				
Borrowings	-	(322,493)	-	(322,493)
Trade and other payables	(5,768)	(3,103)	(1,634)	(2,785)
Net financial (liabilities)/asset	6,450	(316,698)	10,176	(316,665)
Euro				
Financial assets				
Cash and cash equivalents	40	116	36	47
Other receivables	-	-	-	-
Financial liabilities				
Borrowings	-	-	-	-
Trade and other payables	(1,889)	(3,341)	(1,274)	(2,921)
Net financial (liabilities)/asset	(1,849)	(3,225)	(1,238)	(2,874)
GBP				
Financial assets				
Cash and cash equivalents	4	25	1	1
Financial liabilities				
Trade and other payables	(75)	(551)	(21)	(155)
Net financial (liabilities)/asset	(71)	(526)	(20)	(154)
CHF				
Financial liabilities				
Trade and other payables	-	(250)	-	(250)
	-	(250)	-	(250)
ZAR				
Financial liabilities				
Trade and other payables	(995)	(797)	-	(257)
	(995)	(797)	-	(257)
CNY				
Financial liabilities				
Trade and other payables	(1,338)	-	(474)	-
	(1,338)	-	(474)	-

Sensitivity analysis for foreign exchange risk

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

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

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
US Dollar				
Increase in exchange rate by 21%	14,254	(699,903)	22,490	(699,830)
Decrease in exchange rate by 21%	(14,254)	699,903	(22,490)	699,830
Euro				
Increase in exchange rate by 21%	(4,086)	(7,127)	(2,736)	(6,352)
Decrease in exchange rate by 21%	4,086	7,127	2,736	6,352
GBP				
Increase in exchange rate by 21%	(157)	(1,162)	(44)	(340)
Decrease in exchange rate by 21%	157	1,162	44	340
CHF				
Increase in exchange rate by 21%	-	(553)	-	(553)
Decrease in exchange rate by 21%	-	553	-	553
ZAR				
Increase in exchange rate by 21%	(2,200)	(1,761)	-	(568)
Decrease in exchange rate by 21%	2,200	1,761	-	568

4.2 Capital management

4.2.1 Risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

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

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

The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Total borrowings	64,212,667	301,488,004	60,594,077	266,939,807
Less: Cash and cash equivalents excluding bank overdrafts	27,103,942	12,550,697	25,391,035	10,177,776
Net debt	37,108,725	288,937,307	35,203,042	256,762,031
Total equity	344,914,001	134,541,089	361,421,559	255,743,725
Total capital	382,022,726	423,478,396	396,624,601	512,505,756
Gearing ratio	0.11	2.15	0.10	1.00

4.3 Fair value

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

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

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

	Group			
	31 December 2019		31 December 2018	
	N'000	N'000	N'000	N'000
	Fair value	Book Value	Fair value	Book Value
Financial Assets				
<i>Financial Assets classified at amortised cost</i>				
Trade and other receivables	8,193,050	8,193,050	21,163,994	21,163,994
Financial assets (excluding non-deliverable futures)	1,772,453	1,772,453	2,276,013	2,276,013
Cash and cash equivalents	27,103,942	27,103,942	12,550,697	12,550,697
Financial Assets classified at fair value through profit or loss				
Derivative assets	-	-	95,573	95,573
Financial Liabilities				
<i>Financial liabilities classified as amortised cost</i>				
Trade and other payables**	46,709,084	46,709,084	73,918,278	73,918,278
Bank overdraft	27,552	27,552	35,280,945	35,280,945
Borrowings	64,185,115	64,185,115	266,207,059	266,207,059
Financial liabilities classified at fair value through profit or loss				
Derivative liability	-	-	244,176	244,176
	Company			
	31 December 2019		31 December 2018	
	N'000	N'000	N'000	N'000
	Fair value	Book Value	Fair value	Book Value
Financial Asset				
<i>Financial Assets classified at amortised cost</i>				
Trade and other receivables	20,452,686	20,452,686	11,167,705	11,167,705
Financial assets	1,768,839	1,768,839	1,739,739	1,739,739
Cash and cash equivalents	25,391,035	25,391,035	10,177,776	10,177,776
Financial Assets classified at fair value through profit or loss				
Derivative assets	-	-	95,573	95,573
Financial Liabilities				
<i>Financial liabilities classified at amortised cost</i>				
**Trade and other payables	50,951,185	50,951,185	44,254,829	44,254,829
Bank overdraft	27,552	27,552	16,862,345	16,862,345
Borrowings	60,566,525	60,566,525	250,077,462	250,077,462
Financial liabilities classified at fair value through profit or loss				
Derivative liability	-	-	244,176	244,176

** 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. There were no transfers between levels during the year.

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

Financial Instruments in Level 2

The fair value of financial instruments that are not traded in an active market (loans and borrowings) is determined by using discounted cash flow valuation techniques. This valuation technique 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) is the chief operating decision maker who reviews the internal reporting to assess performance and allocate resources. The Directors have identified operating segments based on these internal reports. The BOD considers business from the range of product perspective.

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

Cement	Established for the business of cement production . This segment typically has three major business operations within Nigeria which are the South-West operations, the Southern Nigeria operation and the Northern Nigeria operation.
Aggregates and concrete	Established for the business of concrete and aggregates. Lafarge Ready-mix Nigeria Limited, a wholly owned subsidiary of Lafarge Africa Plc is established basically for these operations. The operations are currently in Lagos, Abuja, Port-Harcourt, and Ewekoro and is expected to spread to other states of Nigeria in the near future.
Admixtures and other products	Established for the business of admixtures and other solutions. Admixtures are chemical compounds added to concrete to modify its properties.

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

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

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

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

5.1 Segment Information by Product line

	External revenue		Gross revenue	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Cement	207,239,947	210,507,141	210,372,431	213,678,481
Aggregates and concrete	5,759,119	7,305,995	5,759,119	7,305,995
Total	212,999,066	217,813,136	216,131,550	220,984,476

Revenue from internal customers of ₦3.13 billion (2018:₦3.17 billion) has been eliminated on consolidation.

	Aggregate and others		Total N'000
	Cement N'000	others N'000	
Revenue	207,239,947	5,759,119	212,999,066
Cost of sales	(153,498,964)	(4,186,655)	(157,685,619)
Other Income	2,243,594	108,107	2,351,701
Other expenses**	(22,437,143)	(317,797)	(22,754,940)
Operating profit	33,547,434	1,362,774	34,910,208

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

	Aggregate and others		Total N'000
	Cement N'000	others N'000	
Statement of financial position by segment:			
Property, plant & equipments	367,635,534	2,166,014	369,801,548
Other non current assets	50,804,181	1,500,758	52,304,939
Current assets	71,281,362	3,764,359	75,045,721
Total assets	489,721,077	7,431,131	497,152,208
Non current liabilities	(67,660,930)	(165,507)	(67,826,437)
Current liabilities	(74,914,512)	(9,497,261)	(84,411,770)
Net assets/(liabilities)	347,145,635	(2,231,637)	344,914,001

6 Revenue

Sale of goods

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
Sale of goods	212,999,066	217,813,136	188,407,004	187,043,475

The following is an analysis of revenue by product:

Cement	207,239,947	210,507,141	182,647,885	187,043,475
Aggregate and concrete	5,759,119	7,305,995	5,759,119	-
	212,999,066	217,813,136	188,407,004	187,043,475

7 Cost of sales by nature

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
Variable costs (Note 7.1)	91,422,217	96,440,154	76,577,261	81,399,223
Production costs (Note 7.2)	24,450,963	20,786,678	18,475,108	13,393,034
Maintenance costs	8,438,647	8,756,223	7,638,179	6,917,056
Distribution costs	4,378,955	5,475,495	3,611,246	4,766,457
Depreciation (Note 16.7)	27,932,666	18,517,655	25,801,214	16,265,935
Impairment of property, plant and equipment (Note 16)	389,911	645,236	389,911	219,000
Amortisation and impairment of intangible assets	33,409	33,010	14,608	2,280
Prepaid medical	-	46,584	-	46,584
	157,046,768	150,701,035	132,507,527	123,009,569

7.1 Variable costs

Distribution variable cost	37,516,849	40,963,380	32,566,857	36,567,944
Fuel and power	31,763,090	31,289,595	23,477,517	24,019,735
Raw materials and consumables	22,142,278	24,187,179	20,532,887	20,811,544
	91,422,217	96,440,154	76,577,261	81,399,223

7.2 Production costs

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

8 Selling and marketing expenses

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
Advertising expenses	2,021,950	1,146,586	2,021,950	1,146,586
Campaign and innovation expenses	171,260	2,247	171,260	2,247
Marketing staff salaries and other related costs	2,902,390	2,749,094	2,884,913	2,742,472
	5,095,600	3,897,927	5,078,123	3,891,305

9 Administrative expenses by nature

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2019	2018	2019	2018
	N'000	N'000	N'000	N'000
Salaries and other staff related costs	5,382,669	5,684,845	5,409,582	5,615,380
Directors' costs	35,476	176,004	34,882	170,344
AGM Costs	93,517	105,597	93,517	105,597
Audit fees	127,500	127,500	107,500	98,500
Community relation	197,700	99,672	197,602	82,086
Fuel	42,724	38,800	42,515	38,800

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Administrative expenses by nature cont'd				
Insurance	6,750	331,231	6,750	303,701
Advance payment of taxes and levies (Note 9.1)	1,999,062	2,166,775	1,999,062	2,166,775
Other supplies & spare parts	156,873	1,000,207	156,411	1,000,007
Rent	62,525	836,195	62,525	97,505
Consultancy fees	847,909	3,070,194	847,804	3,070,784
Repair and maintenance	17,940	736,773	17,940	736,565
Security Cost	187,794	414,737	187,794	388,331
Training	100,059	36,396	100,059	36,396
Travel	591,046	875,683	581,062	875,683
Vehicle leasing	-	275,177	-	275,177
Office and general expenses (Note 9.2)	1,659,500	2,510,900	1,644,634	2,458,575
Depreciation (Note 16.7)	1,564,704	88,818	1,359,217	103,953
Amortisation of intangible assets	638,851	-	503,428	-
Technical service fees (Note 9.4)	3,847,193	6,302,311	3,575,145	5,816,679
	17,559,792	24,877,815	16,927,429	23,440,838

9.1 Advance payment of taxes and levies

In 2017, the Company entered into an agreement with a state government to advance an amount not exceeding ₦2.8 billion annually as payments for all taxes, dues and levies payable in the state. The agreement is for a three-year period which commenced in April 2017, which effectively exempts the Company from all 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 7.1 - 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 ₦22.8 million. This is in respect of tax services rendered during the year.

9.4 Technical service fees

Lafarge Africa Plc is in the process of finalising a technical service agreement with Holcim Technology Limited, a related party which relates to Industrial Franchise. This agreement is awaiting registration with the National Office for Technology Acquisition and Promotion (NOTAP) in Nigeria and the provision is computed as 5% of Earnings before interest and tax (EBITDA) for both group and company subject to maximum of 2% of net sales. The total technical service fees payable at year end for the Group and Company amounted to ₦5.7 billion and ₦5.4 billion (2018: ₦13.6 billion and ₦9.04 billion) respectively.

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
10 Other income				
Gain on disposal of property, plant and equipment (Note 10.1)	54,689	936,326	54,689	926,622
Government grants (Note 10.2)	253,958	110,732	110,732	110,732
Scrap and other miscellaneous income (Note 10.3)	2,043,054	319,006	1,940,982	255,975
Write back of impairment of other receivables	-	15,944	-	-
Investment income (Note 10.4)	-	-	7,934,772	-
	2,351,701	1,382,008	10,041,175	1,293,329

10.1 Gain on disposal of property, plant and equipment

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

10.2 Government grants

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

10.3 Scrap 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 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
	-	-	7,934,772	-
	-	-	7,934,772	-

10.4 Investment income

Dividends received from subsidiaries (Note 10.4.1)

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
	-	-	7,934,772	-
	-	-	7,934,772	-

10.4.1 Dividend received from subsidiaries

This represents dividend received from AshakaCem (2018 Nil)

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Impairment of loan receivable and other receivable (11.1)	333,498	159,217	333,498	159,217
Write off of assets	430,763	956,511	356,348	304,398
	764,261	1,115,728	689,846	463,615

11 Other operating expenses

Impairment of loan receivable and other receivable (11.1)
Write off of assets

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
	(25,862)	74,326	(34,180)	44,835
	(25,862)	74,326	(34,180)	44,835

11.1 The impairment loss recognised in current year relates to the expected credit loss on the loan receivable due from CBI Ghana. In 2018, the Group and Company recognised an impairment loss on other receivables due from third parties.

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
	(25,862)	74,326	(34,180)	44,835
	(25,862)	74,326	(34,180)	44,835

11.2 Impairment loss on trade receivables

Impairment (reversal)/loss on trade and other receivables

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
	(25,862)	74,326	(34,180)	44,835
	(25,862)	74,326	(34,180)	44,835

12 Finance income and costs**a) Interest income under the effective interest method and other finance income:**

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Interest income on current accounts	1,070,952	798,754	789,010	798,754
Other finance income	111,460	186,191	110,801	186,191
Interest income from Short term fixed deposits	-	1,190	-	1,190
Interest on loan receivable	254,163	538,667	271,497	330,929
Foreign exchange gain (net)	1,722,011	-	1,655,551	-
	3,158,586	1,524,802	2,826,859	1,317,064

b) Finance costs:

Interest on bank overdraft	(740,443)	(2,816,080)	(740,443)	(3,478,896)
Interest on borrowings (Note 30.6)	(18,125,050)	(27,695,026)	(18,981,016)	(28,673,150)
Unwinding of discount on provisions (Note 31.1)	(148,084)	(399,297)	(88,485)	(250,272)
Interest cost on employee's long service award (Note 33.1)	(201,016)	(236,308)	(168,076)	(161,322)
Interest cost on staff gratuities (Note 33.2)	(63,319)	(76,512)	(63,319)	(76,512)
Bank charges	(898,597)	(2,320,239)	(909,027)	(2,250,068)
	(20,176,509)	(33,543,462)	(20,950,366)	(34,890,220)

Finance costs per statement of cash flows

Foreign exchange loss (net)

Finance costs

	-	(8,019,421)	-	(8,147,195)
	(20,176,509)	(41,562,883)	(20,950,366)	(43,037,415)

Net finance costs recognised in the profit or loss

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 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
c) Interest received per statement of cash flows				
Finance income per profit or loss	3,158,586	1,524,802	2,826,859	1,317,064
Interest receivable	(471,819)	(538,667)	(471,819)	(330,929)
Interest received per statement of cash flows	2,686,767	986,135	2,355,040	986,135
d) Interest paid per statement of cash flows				
Finance costs per profit or loss	(20,176,509)	(41,562,883)	(20,950,366)	(43,037,415)
Interest payable/(receivable) /offset	(2,621,928)	(832,488)	(1,765,962)	607,825
Interest paid- non cash effective	8,399,478	-	8,399,478	-
Non-cash interest charged to profit or loss	412,419	712,117	319,880	488,106
Foreign exchange loss (net)	-	8,019,421	-	8,147,195
Interest paid per statement of cash flows	(13,986,540)	(33,663,833)	(13,996,970)	(33,794,289)

13 Impairment loss on investments in subsidiaries

Impairment loss on investments in subsidiaries relate to impairment charge of ₦3.2 billion on the Company's investment in Lafarge South Africa Holdings Limited in 2018. No impairment loss has been recorded in the group. See note 18.2.7 for more details

14 Income tax expense/(credit)

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 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
14.1 Minimum tax charge recognised in profit or loss	677,319	-	677,319	-
14.1 Income tax expense/(credit) recognised in profit or loss				
Current taxation				
Company income tax	749,764	841,754	-	-
Education tax	424,928	113,278	350,577	-
Capital gains tax	-	84,876	-	84,876
Total current tax expense	1,174,692	1,039,908	350,577	84,876
Deferred taxation				
Deferred income tax expense/(credit) to profit or loss (Note 14.7)	522,488	(10,646,707)	568,505	(11,635,223)
Income tax expense/(credit)	1,697,180	(9,606,799)	919,082	(11,550,347)
Income tax expense/(credit)	1,697,180	(9,606,799)	919,082	(11,550,347)

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

14.2 Reconciliation of effective tax to statutory tax

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

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Profit/(loss) before tax from continuing operations	17,892,285	(1,509,768)	24,318,017	(7,408,583)
Tax calculated at statutory tax rate of 30%	5,367,686	(452,930)	7,295,405	(2,222,575)
Impact of disallowable expenses for tax	495,370	817,943	451,474	1,393,836
Impact of non taxable income	581,105	(658,694)	(1,526,350)	(575,209)
Changes in estimate relating to prior year	(1,176,126)	(214,750)	(1,656,242)	(17,700)
Impact of education tax rule	424,928	113,278	350,577	-
Impact of unrecognised tax losses	-	917,053	-	-
Impact of Minimum Tax	677,319	-	677,319	-
Effect of pioneer status	(3,973,844)	(6,245,575)	(3,973,844)	(6,245,575)
Impact of business combination	(699,258)	-	(699,258)	-
Impact of capital gains tax	-	84,876	-	84,876
Recognition of previously unrecognised deductible temporary differences	-	(3,968,000)	-	(3,968,000)
Income tax expense/(credit) recognised in profit or loss	1,697,180	(9,606,799)	919,081	(11,550,347)
Effective tax rate	9%	636%	4%	156%

14.3 Income tax recognised in other comprehensive income

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Deferred tax arising on: Remeasurement of defined benefit obligation	30,659	(54,401)	30,659	(17,700)

14.4 Current tax assets

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
At 1 January	658,291	917,797	-	-
Arising from deconsolidation of discontinued operation	(658,291)	-	-	-
Charge for the year				
Company income tax	-	(309,334)	-	-
Charge for the year	-	(309,334)	-	-
Utilised during the year	-	83,836	-	-
Exchange rate difference	-	(34,008)	-	-
At 31 December	-	658,291	-	-

14.5 Current tax liabilities

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Balance at 1 January	1,156,231	3,251,525	201,199	1,544,949
Charge for the year:				
Company income tax	749,764	841,754	-	-
Education tax	424,928	113,278	350,577	-
Capital gains tax	-	84,876	-	84,876
Minimum tax	677,319	-	677,319	-
Reclassification to non-income tax liabilities	-	(1,287,527)	-	(841,319)
	3,008,242	3,003,906	1,229,095	788,506
Payment during the year	(1,078,785)	(1,803,650)	-	(587,307)
Withholding tax utilised	-	(44,025)	-	-
At 31 December	1,929,457	1,156,231	1,229,095	201,199

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

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Current income tax asset paid (Note 14.4)	-	(83,836)	-	-
Current income tax liabilities paid (Note 14.5)	(1,078,785)	(1,803,650)	-	(587,307)
Total current income taxes paid	(1,078,785)	(1,887,486)	-	(587,307)

14.7 Deferred taxation

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

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Deferred tax assets	27,994,154	28,720,032	27,994,154	27,950,907
Deferred tax liabilities	(9,966,699)	(10,200,112)	-	-
Deferred tax assets net	18,027,455	18,519,920	27,994,154	27,950,907

Group

Deferred tax liabilities/(assets):	At 1 January 2019	Derecognition of discontinued operation	(Credit)/ charge to P/L	(Credit)/ charge to OCI	At 31 December 2019
	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	18,967,634	(9,965,785)	(5,307,371)	(24)	3,694,454
Provisions and other liabilities	(9,324,378)	2,449,551	150,339	311,424	(6,413,064)
Unutilised tax losses	(23,576,537)	7,244,981	5,197,119	(4,480)	(11,138,917)
Employment benefit obligation	167,220	(96,349)	-	30,659	101,530
Unrealised exchange differences	(4,753,859)	-	482,401	-	(4,271,458)
Total deferred tax (assets)/liabilities	(18,519,920)	(367,602)	522,488	337,579	(18,027,455)

Deferred tax liabilities/(assets):

Deferred tax liabilities/(assets):	At 1 January 2018	(Credit)/ charge to P/L	(Credit)/ charge to OCI	Exchange rate differences	At 31 December 2018
	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	24,725,234	(5,011,254)	-	(746,346)	18,967,634
Provisions and other liabilities	(6,407,725)	(3,041,388)	-	124,735	(9,324,378)
Unutilised tax losses	(19,038,136)	(5,066,123)	-	527,722	(23,576,537)
Employment benefit obligation	(131,065)	176,953	54,401	66,931	167,220
Prepayments	83,776	(82,649)	-	(1,127)	-
Unrealised exchange differences	(5,720,573)	966,714	-	-	(4,753,859)
Total deferred tax (assets)/liabilities	(6,488,489)	(12,057,747)	54,401	(28,085)	(18,519,920)

Company

Company	At 1 January 2019	Arising on business re- organisation	(Credit)/ charge to P/L	(Credit)/ charge to OCI	31 December 2019
	N'000	N'000	N'000	N'000	N'000
Deferred tax assets/(liabilities):					
Property, plant and equipment	(1,437,267)	(80,146)	(5,407,351)	-	(6,924,764)
Unutilised tax losses	(15,773,773)	(562,265)	5,197,120	-	(11,138,918)
Provisions and other liabilities	(5,781,347)	-	91,371	30,659	(5,659,317)
Unrealised exchange differences	(4,958,520)	-	687,365	-	(4,271,155)
Total deferred tax (assets)/liabilities	(27,950,907)	(642,411)	568,505	30,659	(27,994,154)
Deferred tax liabilities/ (assets):	At 1 January 2018		(Credit)/ charge to P/L	(Credit)/ charge to OCI	31 December 2018
	N'000		N'000	N'000	N'000
Property, plant and equipment	3,756,535		(5,193,802)	-	(1,437,267)
Unutilised tax losses	(11,684,826)		(4,088,947)	-	(15,773,773)
Provisions and other liabilities	(2,699,231)		(3,082,116)	-	(5,781,347)
Unrealised exchange differences	(5,511,209)		552,689	-	(4,958,520)
Post employment benefit obligation	(194,653)		176,953	17,700	-
Total deferred tax liabilities/(assets)	(16,333,384)		(11,635,223)	17,700	(27,950,907)

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 asset.

14.7.1 Pioneer status incentive

The group benefited from a tax relief of ₦3.97 billion (2018: ₦6.2billion) arising from the pioneer tax relief granted on one of the Company's production lines in Mfamosing Plant. The Company was granted a pioneer tax status for 3 years with an effective production date from 1 January 2018 duly certified by the relevant regulatory authority via a letter dated 15 March 2019.

15 Profit/(loss) before minimum tax

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Profit/(loss) before minimum tax is stated after charging/(crediting):	17,892,285	(1,509,768)	24,318,017	(7,408,583)
Depreciation of property, plant and equipment (Note 16)	29,497,370	18,606,473	27,160,431	16,369,888
Amortisation and impairment of intangible assets (Note 17)	672,260	494,990	518,036	2,280
Impairment of property, plant and equipment (Note 16)	389,911	925,207	389,911	219,000
Write off of assets (Note 11)	430,763	956,511	356,348	304,398
Directors emoluments (Note 38.9)	344,315	548,482	344,315	548,482
Audit fees (Note 9)	127,500	127,500	107,500	98,500
Technical service fees (Note 9)	3,847,193	6,302,311	3,575,145	5,816,679
Gain on disposal of PPE (Note 10)	54,689	936,326	54,689	926,622
Foreign exchange loss/(gain) (Note 12b)	(1,722,011)	8,446,386	(1,655,551)	8,147,195
Interest income on current account (Note 12a)	1,070,952	8,019,421	789,010	798,754
Impairment of investments in Subsidiaries (Note 18.2.7)	-	-	-	3,174,874

For the year ended 31 December 2019

16 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	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Cost:																									
As at 1 January 2018	7,957,750	112,228,459	399,062,642	4,669,582	10,995,791	2,429,640	1,583,995	1,371,803	-	34,130,290	-	21,654,504	-	574,429,952											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer from inventory	-	-	5,362,466	1,211,285	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Construction expenditure capitalised	-	5,572,794	10,635,564	592,282	341,526	2,245,276	272,634	130,057	-	(19,790,133)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassification	(1,110)	(9,099)	(347,503)	-	45,562	(45,562)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	(150,182)	(492,404)	(553,146)	(87,306)	(749,297)	(198,162)	(785,110)	(6,161)	-	(458,882)	-	-	-	(1,305,171)	-	-	-	-	-	-	-	-	-	-	
Write-offs	-	(693,665)	(5,769,463)	-	(337,581)	(130,996)	-	-	-	-	-	-	-	(5,321,232)	-	-	-	-	-	-	-	-	-	-	
Effect of movements in exchange rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As at 31 December 2018	7,806,458	116,606,085	408,390,560	6,385,843	7,638,956	4,300,196	1,071,519	1,495,699	-	35,608,523	-	26,431,729	-	589,303,839											
Cost:																									
As at 1 January 2019	7,806,458	116,606,085	408,390,560	6,385,843	7,638,956	4,300,196	1,071,519	1,495,699	-	35,608,523	-	26,431,729	-	615,735,568											
As from deconsolidation of Subsidiary	-	(10,478,445)	(79,091,898)	687,796	(5,062,455)	47,770	545,838	-	-	369,882	-	-	-	(92,981,512)	-	-	-	-	-	-	-	-	-	-	
Capital expenditure	-	-	620,648	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Construction expenditure capitalised	-	979,521	4,149,977	-	159,283	156,201	-	-	-	(7,403,995)	-	-	-	22,306,615	-	-	-	-	-	-	-	-	-	-	
Addition to right of use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Derecognition of right of use asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassification (to)/from inventories	-	-	(5,362,466)	(506,608)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassification	7,147,303	(7,147,303)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassification from advance payment to supplier	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassifications to intangibles	(87,372)	14,384,423	(8,413,627)	(3,226,527)	(1,431,828)	(294,777)	190,744	(1,495,699)	-	956,784	-	-	-	956,784	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	(52,477)	-	-	(149,221)	(86,784)	-	-	-	-	-	-	(374,663)	-	-	-	-	-	-	-	-	-	-	
Write-offs	-	(491,827)	(281,996)	-	-	-	-	-	-	-	-	-	-	(201,698)	-	-	-	-	-	-	-	-	-	-	
As at 31 December 2019	14,866,389	113,852,454	319,958,721	3,340,504	1,303,956	4,060,169	1,721,317	-	-	51,204,885	-	30,244,156	-	542,511,564											
Accumulated depreciation and impairment losses:																									
As at 1 January 2018	4,085,324	21,189,359	127,699,454	1,790,640	6,392,191	2,331,167	1,127,259	385,243	-	15,777,381	-	-	-	180,778,018											
Charge for the year	239,762	3,382,529	16,219,591	765,515	1,260,489	224,111	94,156	102,126	-	-	-	-	-	22,288,279	-	-	-	-	-	-	-	-	-	-	
On disposals	-	(5,586)	(340,261)	-	(727,498)	(198,162)	-	-	-	-	-	-	-	(1,271,507)	-	-	-	-	-	-	-	-	-	-	
Write-offs	(27,293)	(99,718)	(489,648)	(87,306)	(2,657,045)	(130,996)	(785,110)	(6,161)	-	426,236	-	-	-	(4,283,277)	-	-	-	-	-	-	-	-	-	-	
Impairment loss	-	-	498,971	-	-	-	-	-	-	-	-	-	-	925,207	-	-	-	-	-	-	-	-	-	-	
Effect of movements in exchange rates	-	(280,991)	(3,121,094)	-	(215,098)	-	-	-	-	(4,462)	-	-	-	(3,621,645)	-	-	-	-	-	-	-	-	-	-	
As at 31 December 2018	4,297,793	24,185,593	140,467,013	2,468,849	4,053,039	2,226,120	436,305	481,208	-	16,199,155	-	-	-	194,815,075											