



Unaudited Interim Financial Statements - 31 December 2017

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Notes to the Financial Statements

For the period ended 31 December 2017

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Statement of Financial Position

As at 31 December

	Notes	31 Dec 2017 N'000	30 June 2017 N'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	14(a)	85,690,075	87,324,546
Intangible assets	15	1,184,805	1,364,420
Prepayments	17(a)	93,970	120,813
Other receivables	17	-	1,614
Total non-current assets		86,968,849	88,811,393
<i>Current assets</i>			
Inventories	18	25,699,300	23,094,499
Trade and other receivables	19	29,869,273	22,966,508
Prepayments	17(b)	572,035	1,232,951
Restricted cash		3,369,352	3,338,351
Cash and cash equivalents	20	10,992,645	6,594,514
Total current assets		70,502,605	57,226,823
Total assets		157,471,454	146,038,216
Equity			
Share capital	21(b)	1,095,191	752,944
Share premium	21(c)	47,447,029	8,961,346
Retained earnings		34,395,467	33,228,725
Total equity		82,937,687	42,943,015
Liabilities			
<i>Non-current liabilities</i>			
Loans and borrowings	23(a)	8,099,842	24,889,439
Employee benefits		971,435	979,785
Deferred tax liabilities		13,506,315	13,506,315
Total non-current liabilities		22,577,592	39,375,539
<i>Current liabilities</i>			
Bank overdrafts	20	2,614,487	7,537,760
Current tax liabilities	13(b)	1,133,294	150,756
Dividend payable	22	3,379,358	3,482,928
Loans and borrowings	23(a)	1,736,479	9,495,600
Trade and other payables	24	43,092,556	43,052,618
Total current liabilities		51,956,174	63,719,662
Total liabilities		74,533,766	103,095,201
Total equity and liabilities		157,471,454	146,038,216

Approved by the Board of Directors on 29 January 2018 and signed on its behalf by:



Babatunde A. Savage (Chairman)

FRC/2013/ICAN/0000003514



Peter Ndegwa (Managing Director)

FRC/2017/IODN/00000016989



Olaitan Aremu (Ag. Finance & Strategy Director)

FRC/2018/ICAN/00000017713

The notes on pages 6 to 20 are integral parts of these financial statements.

Income Statement

For the period ended 31 December

		6 Months Ended 31 December 2017	6 Months Ended 31 December 2016
	Notes	N'000	N'000
Revenue	8	70,557,155	59,490,583
Cost of sales		<u>(46,562,680)</u>	<u>(41,125,124)</u>
Gross profit		23,994,475	18,365,459
Other income	9(a)	274,649	370,150
Marketing and distribution expenses	9(b)	(12,883,759)	(12,757,403)
Administrative expenses		<u>(4,737,772)</u>	<u>(6,062,874)</u>
Operating profit		6,647,593	(84,668)
Finance income	10(a)	1,686,479	1,535,379
Finance costs	10(b)	<u>(4,792,529)</u>	<u>(6,113,411)</u>
Net finance costs		(3,106,050)	(4,578,032)
Profit/(loss) before taxation		3,541,543	(4,662,700)
Tax Expense	13(a)	<u>(1,411,033)</u>	<u>(5,269)</u>
Profit/(loss) for the year		2,130,510	(4,667,969)
Earnings per share			
Basic and diluted Earnings/(loss) per share (kobo)		<u>97</u>	<u>(310)</u>

Statement of Other Comprehensive Income

For the period ended 31 December

	6 Months Ended 31 December 2017 N'000	6 Months Ended 31 December 2016 N'000
Notes		
Profit/(loss) for the year	<u>2,130,510</u>	<u>(4,667,969)</u>
Other comprehensive income		
<i>Items that will never be reclassified to the income statement</i>		
Defined benefit plan actuarial gain (IAS 19)	-	-
Tax on other comprehensive income	-	-
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year	<u>2,130,510</u>	<u>(4,667,969)</u>

The notes on pages 6 to 20 are integral parts of these financial statements.

Statement of Changes in Equity

For the period ended 31 December 2017

	Notes	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
		N'000	N'000	N'000	N'000	N'000
Balance at 1 July 2017		752,944	8,961,346	-	33,228,725	42,943,015
Total comprehensive income		-	-	-	2,130,510	2,130,510
Profit/(Loss) for the year		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	2,130,510	2,130,510
Transaction with owners, recorded directly in equity		-	-	-	-	-
Rights Issue		-	-	-	-	-
Dividends to equity holders		342,247	38,485,683	-	-	38,827,931
Shared based payment reserve write-back		-	-	-	(963,768)	(963,768)
Share based payment charge		-	-	-	-	-
Share based payment recharge		-	-	-	-	-
Total transactions with owners		342,247	38,485,683	-	(963,768)	37,864,162
Balance at 31 December 2017		1,095,191	47,447,029	-	34,395,467	82,937,687

The notes on pages 6 to 20 are integral parts of these financial statements.

Statement of Cash Flows

For the period ended 31 December 2017

		6 Months Ended 31 December 2017 N'000	6 Months Ended 31 December 2016 N'000
Cash flows from operating activities			
Profit/(loss) for the year		2,130,510	(4,667,969)
<i>Adjustments for:</i>			
Depreciation	14(a)	4,304,724	4,222,641
Amortisation of intangible assets	15(a)	179,615	179,013
Share based payment charge		69,218	87,996
Finance income	10(a)	(1,686,479)	(1,535,379)
Finance costs	10(b)	4,792,529	6,113,411
Impairment of inventories		623,926	682,734
Write-off of property, plant and equipment		-	169,717
Loss/(gain) on disposal of property, plant and equipment		2,194	(157,240)
Long service awards charge		37,002	43,146
Income tax expense	13(a)	1,411,033	5,269
		<u>11,864,272</u>	<u>5,143,339</u>
<i>Changes in:</i>			
Inventories		(3,228,727)	(10,482,539)
Trade and other receivables	19(b)	(6,267,611)	(3,589,408)
Prepayments		687,759	1,382,172
Trade and other payables	24	801,127	14,578,466
Cash generated from operating activities		<u>3,856,821</u>	<u>7,032,030</u>
Income tax paid	13(b)	(370,320)	(592,686)
Gratuity paid		(60,851)	(134,667)
Value added tax paid		(2,323,781)	(1,586,425)
Long service awards paid		(57,222)	(136,739)
Net cash (used in) / generated from operating activities		<u>1,044,647</u>	<u>4,581,513</u>
Cash flows from investing activities			
Finance income received	10(a)	925,545	425,602
Proceeds from disposal of property, plant and equipment		13,631	164,813
Acquisition of property, plant and equipment		(2,662,379)	(3,822,013)
Net cash used in investing activities		<u>(1,723,202)</u>	<u>(3,231,598)</u>
Proceeds from loans and borrowings	23(b)	-	19,803,319
Repayment of loans and borrowings	23(b)	(9,475,822)	(10,378,106)
Repayment of finance lease liabilities	23(b)	(957,937)	(623,770)
Finance costs paid	10(b)	(3,101,288)	(3,021,241)
Proceeds from rights issue		24,602,346	-
Dividends paid	22(b)	(1,067,338)	(423,980)
Net cash generated from / (used in) financing activities		<u>9,999,960</u>	<u>5,356,222</u>
Net (decrease) / increase in cash and cash equivalents		9,321,405	6,706,137
Cash and cash equivalents at 1 July		(943,246)	2,906,456
Cash and cash equivalents at 31 December	20	<u>8,378,159</u>	<u>9,612,593</u>

The notes on pages 6 to 20 are integral parts of these financial statements.

1. Reporting entity

Guinness Nigeria Plc, a public Company quoted on the Nigerian Stock Exchange was incorporated on 29 April 1950, as a trading company importing Guinness Stout from Dublin. The Company has since transformed itself into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Extra Smooth, Guinness African Special, Malta Guinness, Malta Guinness Low Sugar, Harp Lager, Smirnoff Ice, Smirnoff Ice - Double Black, Satzenbrau Lager, Dubic Lager, Dubic Dark Ale, Snapp, Orijin, Orijin Bitters, Orijin Zero non-alcoholic, Johnnie Walker, Smirnoff Vodka, Ciroc, Baileys, Captain Morgon, McDowell's No.1 Whisky, McDowell's VSOP Brandy, Royal Challenge, Gordon and other International Premium Brands (IPS) making it a total beverage alcohol (TBA) company.

The address of the Company's registered office is at 24 Oba Akran Avenue, Ikeja, Lagos.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements were authorised for issue by the Board of Directors on 29 January 2018.

3. Functional and presentation currency

These statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira (₦) has been rounded to the nearest thousand unless otherwise stated.

4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of 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.

Information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

(a) Assumptions and estimation uncertainties

- property, plant and equipment: depreciation of assets
- share-based payment
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

(b) Judgements

Significant judgements were made in application of accounting policies that could have significant effects on the amounts recognised in the financial statements.

- recognition and measurement of impairment and provisions on trade and other receivables

Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company 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. as 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 might be categorised in 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 Company 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:

- Share based payments
- Financial risk management and financial instruments

5. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items which have been measured on an alternative basis on each reporting date.

Items	Measurement bases
Non-derivative financial instruments	Initially measured at fair values and subsequently measured at amortised
Employee benefits	Present value of defined benefit obligation.
Share-based payment transactions	Event day fair value of the equity instrument issued.

6. Changes in accounting policies

Except for the changes below, the Company has consistently applied the significant accounting policies to all periods presented in these financial statements.

The Company has adopted the following new standards (where applicable) with a date of initial application for periods starting on or after 1 January 2016:

Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation.

In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendment to IAS 19 – 'Employee Benefits'

Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. 1 January 2016.

These changes to the standards do not have material effect on the financial statements.

7. Significant accounting policies

Except for the changes explained in Note 6, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was measured. Foreign currency differences are generally recognised in income statement. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(b) Financial instruments

i. Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company has the following non-derivative financial assets:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade and other receivables. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables with short-term maturities and no stated rates of interest are measured at original invoice amounts where the effect of discounting is not significant.

ii. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii. Share capital

The Company has one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(c) Property, plant and equipment

i. Recognition, measurement and derecognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in income statement.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	–	lease period
Buildings	–	60 years
Plant and machinery	–	2 to 40 years
Furniture and equipment	–	3 to 5 years
Motor vehicles	–	4 years
Returnable packaging materials	–	5 to 10 years
Chillers	–	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

(d) Intangible Assets

Software, concession right and distribution right

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The Company's intangible assets with finite useful life comprises computer software, concession right and distribution right. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost less its residual value. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current and preceding period is as follows:

Computer software- SAP	-	11 years
Computer software-others	-	5 years
Concession right	-	10 years
Distribution right	-	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An intangible asset is derecognised where it is certain that there would be no future flow of economic benefit to the Company as a result of holding such asset.

(e) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on re-assessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

Lease payments

Payments made under operating leases are recognised in income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials and consumable spare parts	-	purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	-	average cost of direct materials and labour plus the appropriate amount attributable to production overheads based on normal production capacity.
Inventory-in-transit	-	purchase cost incurred to date.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

(g) Impairment

i. Non-derivative financial assets

A financial asset not measured at fair value through the income statement, including an equity accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in income statement and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

ii. Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the "cash-generating unit or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. 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.

(h) Employee benefits

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. The Company 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.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its management and non-management employees. Employee contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the income statement. The Company contributes 10% and 12% for management and non-management employees respectively while employees contribute 8% (2016: 8%) of their insurable earnings (basic, housing and transport allowance).

ii. Gratuity

– *Defined benefit gratuity scheme*

Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of management and non-management staff under the scheme. Employees under the defined benefit scheme are those who had served a minimum of 5 years on or before 31 December 2008 when the scheme was terminated. Independent actuarial valuations are performed periodically on a projected unit credit basis. Remeasurement gains/losses arising from valuations are charged in full to other comprehensive income. The Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

– *Defined contribution gratuity scheme*

The Company has a defined contribution gratuity scheme for management and non-management staff. Under this scheme, a specified amount is contributed by the Company to third party fund managers and recognised as an employee benefit expense to income statement over the service life of the employees.

iii. Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards payable upon completion of certain years in service and accrued over the service lives of the employees. Independent actuarial valuations are performed periodically on a projected unit credit basis. Actuarial gains/losses and curtailment gains or losses arising from valuations are charged in full to income statement.

iv. Termination benefits

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

v. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company 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.

vi. Share-based payment transactions

The fair value of equity settled share options and share grants is initially measured at grant date based on the binomial or Monte Carlo models and is charged in the income statement over the vesting period. For equity settled shares, the credit is included in share based payment reserve in equity whereas for cash settled share-based payments a liability is recognised in the statement of financial position, measured initially at the fair value of the liability.

For cash settled share options and share grants, the fair value of the liability is remeasured at the end of each reporting period until the liability is settled, and at the date of settlement, with any changes in the fair value recognised in the income statement. Cancellations of share options are treated as an acceleration of the vesting period and any outstanding charge is recognised in operating profit immediately.

(i) Provisions and contingent liabilities

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

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 company, or a present obligation that arises 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.

(j) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, excise duties, sales returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(k) Government grants

Government grants that compensate the Company for expenses incurred are recognised in the income statement as a reduction to cost of sales in the periods in which the expenses are recognised if the Company will comply with the condition attaching to them and it is probable that the grants will be received from the government.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested. Finance income is recognised as it accrues in income statement, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, interest expense on factoring of trade receivables recognised on financial assets except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets, are recognised in income statement using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(m) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in the income statement account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 the following temporary differences:

- i. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income statement.
- ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.
- iii. temporary differences arising on the initial recognition of goodwill.

(n) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(o) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost paid is also included in financing activities while finance income received is included in investing activities.

(p) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Guinness Leadership Team which comprises of the members of the Board of Directors and other Executive Officers.

Segment information is required to be presented in respect of the Company's business and geographical segment, where applicable. The Company's primary format for segment reporting is based on geographical segments. The geographical segments are determined by management based on the Company's internal reporting structure. Where applicable, segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(q) New standards and interpretations not yet adopted

The following new standards and amendments issued but not effective for 30 June 2017 year end, are expected to have significant impacts on the Company's financial statements. The Directors are currently assessing their impact on the Company financial statements.

Amendment to IAS 12 – Income taxes, Recognition of deferred tax assets for unrealised losses.

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets. Effective for annual periods beginning on or after 1 January 2017.

Amendment to IAS 7 – Cash flow statements, Statement of cash flows on disclosure initiative

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. Effective for annual periods beginning on or after 1 January 2017.

Amendments to IFRS 2 – 'Share-based payments', Clarifying how to account for certain types of share-based payment transactions.

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. Effective for annual periods beginning on or after 1 January 2018.

IFRS 15 – Revenue from contracts with customers.

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. Effective for annual periods beginning on or after 1 January 2018.

Amendment to IFRS 15 – Revenue from contracts with customers.

The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 – Financial Instruments (2009 & 2010), Financial liabilities, Derecognition of financial instruments and Financial

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. Effective for annual periods beginning on or after 1 January 2018.

Amendment to IFRS 9 -'Financial instruments', on general hedge accounting

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. Effective for annual periods beginning on or after 1 January 2018.

IFRS 16 – Leases

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. Effective for annual periods beginning on or after 1 January 2019.

IFRIC 22, 'Foreign currency transactions and advance consideration

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice. Effective for annual periods beginning on or after 1 January 2018.

(s) Service concession charges

Service concession charges represent fixed annual amounts payable to the grantor in respect of concession right to the concession asset. These amounts are charged to the income statement over the duration of the concession period.

8. Revenue

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Nigeria	67,161,565	55,763,384
Export	3,395,590	3,727,199
	<u>70,557,155</u>	<u>59,490,583</u>

Nigeria is the Company's primary geographical segment as over 95% of the Company's revenue is earned from sales in Nigeria. All of the Company's revenue is derived from sale of similar products with similar risks and returns. Additionally, there is no identifiable component of the business with up to 10% of the total revenue for the year. Thus, further segment information has not been presented.

9. Other income and marketing and distribution expenses

(a) Other income comprises:

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Operating lease income	192,808	109,497
Sale of by-products	81,841	103,413
Gain on disposal of property, plant and equipment	-	157,240
	<u>274,649</u>	<u>370,150</u>

(b) Marketing and distribution expenses

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Marketing expenses	6,461,781	5,540,040
Distribution expenses	6,421,978	7,217,363
	<u>12,883,759</u>	<u>12,757,403</u>

Certain reclassifications were made to prior year balances for consistency, which resulted in an increase in marketing expenses and a decrease in cost of sales of N2.8bn. The net impact of the reclassifications on operating profit was nil.

10. Finance income and finance costs

(a) Finance income is as follows:

(i) Finance income per income statement

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Interest income on bank deposits	166,959	141,164
Interest income on distributors' overdue debts and others	43,858	143,699
Total interest income arising from financial assets not measured at fair value through income statement	210,817	284,863
Gain on foreign exchange transactions	1,475,662	1,250,516
	<u>1,686,479</u>	<u>1,535,379</u>

(ii) Finance income in the statement of cash flows

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Finance income per income statement	1,686,479	1,535,379
Unrealised exchange gain	(759,172)	(1,101,846)
Accrued finance income	(1,761)	(7,931)
	<u>925,545</u>	<u>425,602</u>

(b) Finance costs are as follows:

(i) Finance costs per income statement

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Finance expense on loans and borrowings	769,265	1,739,419
Interest expense on overdraft	615,932	622,926
Unwinding of discount on employee benefits	72,798	67,281
Interest expense on intercompany overdue debts and others	520,877	622,893
Total interest expense arising from financial liabilities not measured at fair value through income statement	1,978,872	3,052,519
Loss on foreign exchange transactions	2,813,657	3,060,892
	<u>4,792,529</u>	<u>6,113,411</u>

(ii) Finance costs in the statement of cash flows

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Finance costs per income statement	4,792,529	6,113,411
Unwinding of discount on employee benefits	(72,798)	(67,281)
Accrued finance costs	-	(845,609)
Unrealised foreign exchange loss	(1,618,442)	(2,179,280)
	<u>3,101,288</u>	<u>3,021,241</u>

11. Profit before taxation

(a) Profit before taxation is stated after charging:

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Depreciation of property, plant and equipment (Note 14(a))	4,304,724	4,222,641
Write-off of property plant and equipment	-	169,717
Amortisation of intangible assets (Note 15(a))	179,615	179,013
Personnel expenses	5,024,495	4,951,923
Loss/(gain) on disposal property, plant and equipment	2,194	(157,240)
Lease rental expenses	657,359	678,675
Royalty and technical service fees	12,555	1,284,430

Royalty and technical service fees can only be booked when NOTAP approval has been received. The application is in progress and is expected to be backdated to April 2017

12. Personnel expenses

(a) Personnel expenses including the provision for gratuity liabilities and other long term employee benefits comprise:

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Salaries, wages and allowances	4,563,528	4,456,367
Contributions to defined contribution plans	354,747	364,414
Share based payments expense	69,218	87,996
Charge for other long term employee benefits	37,002	43,146
Total personnel expenses	5,024,495	4,951,923

13. Taxation

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

(a) Amounts recognised in income statement

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Current tax expense:		
Income tax	1,062,463	-
Tertiary education tax	70,831	(1,693)
Adjustment for prior periods	277,739	6,962
	1,411,033	5,269
Deferred tax (credit) / expense:		
Origination and reversal of temporary differences	-	-
Total tax expense	1,411,033	5,269

(b) Movement in current tax liability

	31 Dec 2017	30 June 2017
	N'000	N'000
Balance at 1 July	150,756	585,724
Payments during the year	(370,320)	(592,686)
Charge for the year	1,411,033	157,718
Withholding tax credit notes utilised	(58,175)	-
Balance at 31 December	1,133,294	150,756

14. Property, plant and equipment (PPE)

(a) The movement on these accounts during the year was as follows:

	Leaschold Land	Buildings	Plant and Machinery	Furniture and Equipment	Motor Vehicles	Returnable packaging materials	Capital work- in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost								
At 1 July 2017	828,428	20,496,698	98,312,625	1,423,542	7,455,577	33,720,497	1,444,799	163,682,166
Additions	-	28,277	536,305	-	499,382	317,500	1,304,613	2,686,078
Transfers	-	0	654,929	0	-	-	(654,929)	(0.17)
Reclassification	-	-	-	-	-	-	-	-
Disposals/Write-offs	-	-	(45,057)	-	(58,451)	-	-	(103,508)
At 31 December 2017	828,428	20,524,975	99,458,801	1,423,542	7,896,508	34,037,997	2,094,483	166,264,735
Depreciation and impairment								
At 1 July 2017	144,120	3,339,927	45,008,265	1,306,548	5,331,412	21,227,348	-	76,357,620
Charge for the year	0	174,571	2,007,556	13,007	503,767	1,605,823	-	4,304,724
Reclassification/Reversal	-	-	-	-	-	-	-	-
Disposals/Write-offs	-	-	(41,730)	-	(45,953)	-	-	(87,684)
At 31 December 2017	144,120	3,514,498	46,974,091	1,319,555	5,789,225	22,833,171	-	80,574,660
Carrying amount								
At 1 July 2017	684,308	17,156,771	53,304,360	116,994	2,124,165	12,493,149	1,444,799	87,324,546
At 31 December 2017	684,308	17,010,477	52,484,711	103,987	2,107,282	11,204,826	2,094,483	85,690,075

(b) Cash paid on acquisition of property plant and equipment

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Additions during the year (Note 14(a))	2,686,078	4,949,692
Payments on prior year acquisitions	304,280	966,249
Accruals on current year acquisitions	(327,979)	(2,093,928)
	2,662,379	3,822,013

(c) PPE disposed/written off in the statement of cash flows

	31 Dec 2017	31 Dec 2016
	N'000	N'000
Cost of PPE disposed/written off	103,508	717,780
Accumulated depreciation on PPE disposed/written off	(87,684)	(540,490)
Carrying amount of PPE disposed/written off	15,825	177,290
Proceeds from disposal of property, plant and equipment	(13,631)	(164,813)
	2,194	12,477
Analysed as:		
Write-off of property, plant and equipment	-	169,717
Loss/(gain) on disposal of property, plant and equipment	2,194	(157,240)
	2,194	12,477

15. Intangible assets

The movement on this account during the year was as follows:

	Distribution right	Concession right	Computer software	Total
	N'000	N'000	N'000	N'000
Cost				
Balance at 1 July 2017	995,250	485,611	2,306,756	3,787,617
Additions	-	-	-	-
Reclassification	-	-	-	-
	995,250	485,611	2,306,756	3,787,617
Amortisation				
Balance at 1 July 2017	298,575	156,090	1,968,532	2,423,197
Charge for the year	99,525	20,812	59,278	179,615
Reclassification	-	-	-	-
Balance at 31 December 2017	398,100	176,902	2,027,810	2,602,812
Carrying amount				
At 1 July 2017	696,675	329,521	338,224	1,364,420
At 31 December 2017	597,150	308,709	278,946	1,184,805

16 Other receivables

Non-current other receivables represent the long term portion of loans granted to employees of the Company. No interest is charged on these loans.

The loans are secured by the employees' retirement benefits. The current portion of other receivables is included in Trade and other receivables reported in current assets.

17. Prepayments

(a) Non-current prepayments mainly represent long-term portion of prepaid rent on the Company's operating leases.

(b) Current prepayments comprise:

	31 Dec 2017	30 June 2017
	N'000	N'000
Prepaid rent	455,553	325,710
Prepaid business insurance premiums	102,720	-
Prepaid advertising expense	-	272,397
Other prepaid expenses	13,762	634,844
	572,035	1,232,951

18. Inventories

Inventories comprise:

	31 Dec 2017	30 June 2017
	N'000	N'000
Finished products	7,906,500	7,905,986
Products in process	2,112,662	1,546,382
Raw materials and packaging materials	9,207,628	9,183,617
Engineering spares	5,395,148	3,163,880
Inventories in transit	1,077,362	1,294,634
	<u>25,699,300</u>	<u>23,094,499</u>

19 Trade and other receivables

(a) Trade and other receivables comprise:

	31 Dec 2017	30 June 2017
	N'000	N'000
Trade receivables	20,595,164	16,299,545
Other receivables	1,331,482	1,563,335
Amounts due from related parties	7,942,627	5,103,628
	<u>29,869,273</u>	<u>22,966,508</u>

(b) Changes in trade and other receivables in the statement of cash flows

	31 Dec 2017	30 June 2017
	N'000	N'000
Change in non-current receivables	1,614	-
Change in current receivables	(6,902,765)	2,476,329
Unrealised exchange gain	759,172	59,747
Accrued finance income	1,761	6,504
Withholding tax credit notes applied for tax settlement	(58,175)	-
Equity settled share based payment	(69,218)	(43,998)
	<u>(6,267,611)</u>	<u>2,498,582</u>

20 Cash and cash equivalents

	31 Dec 2017	30 June 2017
	N'000	N'000
Bank balances	10,963,711	6,565,580
Short-term deposits	28,934	28,934
Cash and cash equivalents	10,992,645	6,594,514
Bank overdrafts	(2,614,487)	(7,537,760)
Cash and cash equivalents in the statement of cash flows	<u>8,378,158</u>	<u>(943,246)</u>

Restricted cash

3,369,352	3,338,351
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Included in cash and cash equivalents are unclaimed dividends amounting to ₦3,369 million (30 June 2017: ₦3,338 million) held in a separate bank account in accordance with guidelines issued by the Securities and Exchange Commission (SEC). Under the SEC guidelines, these amounts are restricted from use by the Company.

21 Share capital and reserves

(a) Authorised ordinary shares of 50k each
in thousands of shares

	31 Dec 2017	30 June 2017
At 31 December	<u>2,500,000</u>	<u>2,500,000</u>

(b) Issued and fully paid-up ordinary shares of 50k each
in thousands of shares

	31 Dec 2017	30 June 2017
At 31 December	<u>2,190,383</u>	<u>1,505,888</u>

Share capital
in thousands of naira

At 31 December	<u>1,095,191</u>	<u>752,944</u>
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All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

(c) Share premium

Share premium represents the consideration received in excess of the nominal value of ordinary shares of the Company.

(d) Share based payment reserve

The share based payment reserve comprises the cumulative weighted average fair value of executive share option and executive share award plans granted by Diageo Plc to Directors and employees of the Company which have not vested at year end.

22 Dividends

Dividend payable	31 Dec 2017	30 June 2017
	N'000	N'000
At 1 July	3,482,928	3,860,475
Declared dividend	963,768	752,944
Unclaimed dividend transferred to retained earnings	-	(146,967)
Payments during the year	(1,067,338)	(983,524)
At 31 December	<u>3,379,358</u>	<u>3,482,928</u>

23 Loans and borrowings

(a) Loans and borrowings comprise:

	31 Dec 2017	30 June 2017
	N'000	N'000
<i>Non-current liabilities</i>		
Related party loans	8,099,842	21,935,900
Unsecured term loans	-	2,020,333
Finance lease liabilities	-	933,206
Total non-current loans and borrowings	<u>8,099,842</u>	<u>24,889,439</u>
<i>Current liabilities</i>		
Related party loans	43,445	156,595
Unsecured commercial papers	-	-
Unsecured term loans	-	8,223,121
Letter of credit	1,693,034	-
Finance lease liabilities	-	1,115,884
Total current loans and borrowings	<u>1,736,479</u>	<u>9,495,600</u>
Total loans and borrowings	<u>9,836,321</u>	<u>34,385,039</u>

(b) Movement in loans and borrowings

	31 Dec 2017	30 June 2017
	N'000	N'000
At 1 July	34,385,039	36,229,920
Proceeds from loans and borrowings obtained during the year	-	25,430,412
Exchange difference on foreign currency loan	1,262,284	914,121
Accrued finance-related party	(113,150)	-
Related party loan conversion to equity	(15,098,343)	-
Accrued finance costs	(165,751)	165,751
Loans repaid during the year	(9,475,822)	(27,085,585)
Finance lease repaid during the year	(957,937)	(1,269,580)
At 30 September	<u>9,836,321</u>	<u>34,385,039</u>

24 Trade and other payables

(a) Trade and other payables comprise:

	31 Dec 2017	30 June 2017
	N'000	N'000
Trade payables	22,247,691	20,514,653
Other payables and accrued expenses	9,697,616	9,138,162
Amounts due to related parties	11,147,249	13,399,803
	<u>43,092,556</u>	<u>43,052,618</u>

25 Events after the reporting date

There are no significant subsequent events, which could have had a material effect on the financial statements of the Company as at 31 December 2017 that have not been adequately provided for or disclosed in the financial statements.

