

**Cadbury Nigeria Plc  
Annual Report  
31 December 2017**

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**Financial highlights**

<i>In thousands of naira</i>	2017	2016	Change %
Revenue	33,079,446	29,979,410	10
Gross profit	7,435,134	6,860,403	8
Result from operating activities	711,365	(732,853)	198
Profit/(loss) before tax	350,317	(562,871)	163
Profit/(loss) for the year	299,998	(296,403)	200
Share capital	939,101	939,101	-
Total equity	11,742,791	11,056,733	6
<b>Data per 50k share</b>			
Basic earnings/(loss) per share (kobo)	16	(16)	200
Net assets per share (kobo)	625.21	588.69	6
Stock exchange quotation 31 December (Naira per share)	15.67	10.29	52
Market capitalization at 31 December	29,431,425	19,326,698	52

## **MISSION STATEMENT**

Our mission in Cadbury Nigeria Plc is to serve the consumer with products of consistently high quality, made readily available at prices which offer real value for the money spent.

In its relations with stakeholders and business associates, the Company is guided by an unwavering commitment to the pursuit of excellence as the basis for current success and future growth.

## Corporate information

### Board of Directors

Mr. Atedo Peterside, CON	- Chairman (Non Executive)
Mr. Roy Naaman (Israeli)	- Managing Director (Resigned 31 January 2017)
Mr. Amir Shamsi (Pakistani)	- Managing Director (Appointed 1 February 2017)
Mrs. Oyeyimika Adeboye	- Finance Director
Mr. Gawad Abaza (Egyptian)	- Non-Executive Director
Mr. Adedotun Sulaiman, MFR	- Non-Executive Director
Mrs. Ibukun Awosika	- Non-Executive Director
Mr. Charles Nelson (American)	- Non-Executive Director (Resigned 31 December 2017)
Mr Sunil Parthasarathy (Indian)	- Non-Executive Director (Appointed 14 March 2018)

### Company Secretary/Chief Counsel

Mrs. Fola Akande  
Cadbury Nigeria Plc  
Lateef Jakande Road  
Agidingbi, Ikeja  
Lagos  
Tel: +234-1-2717777

### Independent Auditor

PricewaterhouseCoopers  
Chartered Accountants  
Landmark Towers,  
Plot 5B, Water Corporation Road,  
Victoria Island,  
Lagos.  
Tel: [+234] (1) 2711700  
E-mail: Enquiry@ng.pwc.com  
Website: www.pwc.com/ng

### Registered Office

Cadbury Nigeria Plc RC4151  
Lateef Jakande Road  
Agidingbi, Ikeja  
Lagos  
Tel: +234-1-2717777  
E-mail: cadburynigeria@mdlz.com  
Website: www.cadburynigeria.com

### Registrar & Transfer Office

First Registrars and Investor Services Limited (Formerly First Registrars  
Nigeria Limited)  
2, Abebe Village  
Iganmu, Lagos  
Tel: +234 (1) 2799880  
E-mail:- info@firstregistrarsnigeria.com  
www.firstregistrarsnigeria.com

### Bankers

Access Bank Plc  
Citibank Nigeria Limited  
Ecobank Nigeria Limited  
First Bank of Nigeria Limited  
Guaranty Trust Bank Plc  
Stanbic Ibte Bank Plc  
United Bank for Africa Plc  
Zenith Bank Plc

## **Board of Directors and Company Secretary's Profile**

### **Atedo N A Peterside CON**

Atedo A Peterside (a Commander of the Order of the Niger), joined the Board of Cadbury Nigeria Plc as a Non-Executive Director in August 2009. He was appointed Chairman of the Board with effect from 21st April 2010. He is the Founder of Stanbic IBTC Bank Plc and is also the Founder and Chairman of ANAP Business Jets Limited.

Mr Peterside obtained a B.Sc. degree in Economics from The City University, London and an M.Sc. (also in Economics) from London School of Economics & Political Science. His executive educational experience is wide and varied and includes the Owner/President Management Programme of the Harvard Business School. He was also conferred with an honorary Doctor of Science Degree (honoris causa) by the University of Port Harcourt, Nigeria.

He was the Chairman of the Committee on Corporate Governance of Public Companies in Nigeria which crafted the first Code of Best Practices for Public Companies operating in Nigeria. The Code was published in October 2003. He was a member of the National Economic Management Team during the administration of President Umaru Yar 'Adua (2007 - 2010) as well as during the administration of President Goodluck Ebele Jonathan (2011 - 2015). Between 2011 and May 2015, Mr Peterside was also a member of the National Council on Privatisation (NCP) and was the Chairman of the NCP's Technical Committee.

Mr Peterside also sits on the Boards of The Standard Bank of South Africa Limited, Standard Bank Group Limited, Flour Mills of Nigeria Plc, Nigerian Breweries Plc and Unilever Nigeria Plc. Mr Peterside is also the Founder and President of ANAP Foundation (October 2007 - present) which is a non-profit organization that is committed to promoting Good Governance.

In May 2017, He was appointed as the Alternate Private Sector Vice-Chairman of the Nigerian Industrial Policy and Competitiveness Advisory Council.

**Amir Shamsi** was appointed to the Board of Cadbury Nigeria Plc as Managing Director, effective 1st February 2017. Mr. Amir Shamsi joined the Company in 2009 as Marketing Director for the Joint Venture Biscuit business in Pakistan. In 2012, he joined the Nigerian business as Marketing Director focusing on the development of existing brands while also managing the business initiatives around new categories. In 2016, Mr Shamsi took on a global role within MDLZ in the United States managing Innovation for Kids Wholesome. Mr Shamsi returned to Nigeria in 2017 to take on the general management role as Managing Director. Prior to joining Mondelez, Mr. Shamsi worked with Imperial Chemicals Limited and GlaxoSmithKline in various commercial roles. Mr. Shamsi has an MBA in Marketing and has work experience spanning regions of Asia Pacific, West Africa and North America.

**Ibukun Awosika** was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director in October 2009. Mrs. Awosika is the Chairman, Board of Directors, First Bank of Nigeria Limited, Nigeria's premier and most valuable banking brand. She is also the founder and CEO of The Chair Centre Group. The companies in the group include: The Chair Centre Limited, Sokoia Chair Centre Limited, Furniture Manufacturers Mart, TCC Security Systems and Cubes and Boxes Limited. These companies are involved in manufacturing, retail and bank-way security systems services.

Ibukun chairs a number of corporate and not-for-profit boards amongst which are: GEMS Africa, House of Tara International and Afterschool Graduate Development Centre (AGDC), a facility which she promoted to help address youth employability and enterprise issues in Nigeria. She sits on the boards of Cadbury Nigeria Plc., Digital Jewel Limited, Convention on Business Integrity (CBI), International Women's Entrepreneurial Challenge (IWEC), Imperial Gate School and Peniel Apartments Limited. She was Chairman, FBN Life Assurance Limited, FBN Capital Limited and Kakawa Discount House Limited. She also served on the board of Nigerian Sovereign Investment Authority (NSIA).

Ibukun is a graduate of Chemistry from University of Ife (now Obafemi Awolowo University), Nigeria; an alumna of the Chief Executive Programme of Lagos Business School; the Global Executive MBA of IESE Business School, Barcelona-Spain; and Global CEO Programme of Wharton, IESE and China European International Business School (CEIBS).

With high interest in social issues, including women, Ibukun is a co-founder and past chairperson of Women in Business, Management and Public Service (WIMBIZ). An ordained Pastor and founder of the Christian Missionary Fund, Ibukun, through this faith-based organization works with hundreds of missionaries spread across Nigeria to change lives with the provision of medical, educational, and other supplies.

As a fellow of the African Leadership Initiative, Aspen Global Leadership Network, Institute of Directors and Society for Corporate Governance Nigeria, Ibukun, through her projects aspires to use her opportunities in life to further the greatness of her dear country by raising entrepreneurs to create jobs for the large unemployed youthful population. She is a member of the Nigerian Economic Summit Group (NESG), served on National Job Creation Committee (NJCC), and sits on the International Advisory Board of IESE Business School, Barcelona-Spain.

Ibukun is a multiple award-winning entrepreneur and the first Nigerian recipient of the prestigious International Women Entrepreneurial Challenge (IWEC) Award as a nominee of the US Department of State in 2008. She loves to watch investigative and legal series in her leisure time. She is happily married to Abiodun Awosika and they are blessed with three wonderful sons.

**Charles Nelson** was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director in September 2010. Mr. Nelson, an American with over 25 years' experience in Corporate Finance, joined Kraft Foods Inc. in 1988 and has held a succession of senior finance roles across the Mondelez Group including Director of Controlling & Treasury, Mondelez Eastern Europe Middle East & Africa (EEMEA), Finance Director, Kraft Foods South East Asia and Financial Planning & Analysis Manager, Kraft Jacobs Suchard, Iberia. Mr. Nelson was the Director of Finance Projects, Mondelez Eastern Europe Middle East & Africa (AMEA) and has now resigned from the Board of Cadbury Nigeria Plc effective 31<sup>st</sup> December 2017.

**Sunil Parthasarathy** was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director effective 14 March 2018. Mr. Parthasarathy, has over 17 years' experience in Finance, he is currently the Director of Accounting and External Reporting for Mondelez Asia Middle East and Africa (AMEA). Mr. Parthasarathy joined Cadbury Schweppes Plc. in 2006 and has held a succession of senior finance roles in the Mondelez Group including Associate Director, Accounting and External Reporting, India, Supply Chain Finance Controller, Cadbury Schweppes Australia and New Zealand, and Financial Planning and Analysis Manager, Cadbury Schweppes Asia Pacific. Prior to joining Cadbury Schweppes, Mr. Parthasarathy spent six years in a variety of Finance roles with Procter and Gamble Asia. Mr. Parthasarathy is an Associate of the Institute of Chartered Accountants of India.

**Oyeyimika Adeboye** joined the Board of Cadbury Nigeria Plc. in November 2008 as Finance and Strategy Director and Chief Financial Officer for the West Africa area. Prior to joining Cadbury Nigeria Plc., Mrs Adeboye was the Director of Finance and Chief Financial Officer of Nigerian Bottling Company Plc. She had previously worked for the Nigerian Accounting and Tax Practice of Arthur Andersen & Co as well as the United Kingdom practice of Midgley Snelling & Co., Chartered Accountants. Mrs Adeboye has an impressive track record in finance, strategy and business administration both in Nigeria and the United Kingdom. She is a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants in Nigeria. Mrs Adeboye has a Bachelor of Science degree in Economics and Accounting from the University College Cardiff, Wales.

Mrs. Adeboye, is a director on the Board of Cadbury Ghana Limited and Odutola Holdings Limited.

Mrs. Adeboye is member of the Board of Trustees of the Timothy Adeola Odutola Foundation, a family owned philanthropic foundation set up for the purpose of providing educational, industrial and technological development of Nigerian youths who may be unable to gain admission into higher education. As part of her philanthropic work, she also worked with Freedom Foundation an NGO created to carry out the mandate of pioneering social reformation within our communities in Nigeria.

**Adedotun Sulaiman, MFR** was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director in August 2009. Mr. Sulaiman, a renowned management & strategy consultant, has over 35 years of experience in transformational engagements in Strategic Plan Development, Organization Design/Review, Human Resource Management, Technology planning, and Process Re-engineering. Mr. Sulaiman, a past Country Managing Director and Chairman of Accenture Nigeria, currently sits on and/or chairs the board of several companies and not-for-profit organisations including Barclays Nigeria, UTC Nigeria Plc., SecureID Limited, Interswitch Limited, Arian Capital Management Limited, New Horizons Systems Solutions Limited, Parthian Partners Limited, Sundry Foods Limited, Nextzon Business Services Limited, The Corona Schools Trust, Greensprings Schools, Lagos Angel Network and University of Lagos Advancement Board of which he is Vice Chairman.

Mr. Sulaiman was recently appointed as the Chairman of the Financial Reporting Council of Nigeria (FRCN) on January 9 2017.

**Gawad Abaza** was appointed to the Board of Cadbury Nigeria Plc. as a Non-Executive Director on 20th October 2016. He is presently the Area Vice President (VP), Middle East Asia & Africa (MEA) region of Mondelez International. Mr Abaza is a Biochemist by qualification with a Bachelor in science, and holds an MBA in Marketing. He was previously President Chocolate category, Eastern Europe, Middle East & Africa (EEMEA), from 1st January, 2015. Before that, he held the roles of Managing Director of Kraft Foods' Mashreq cluster in Cairo from 2010, and then Area VP, South, Central & Eastern Africa until December 2014. Mr Abaza worked for the Cadbury Group for seven years, where initially, he was made Managing Director of the Cadbury Adams Egypt Group in 2003. Mr Abaza later became Cadbury Managing Director for the Middle East and North Africa from the 1st October, 2016.

**Fola Akande** joined Cadbury Nigeria Plc. as Company Secretary/Chief Counsel West Africa in July 2012. Mrs. Akande comes into the role with an impressive background in Compliance, Corporate Governance, Commercial and Finance Law. She has over 25 years of working experience and prior to joining Cadbury, she worked for Standard Chartered Bank Nigeria Limited as Company Secretary/Legal Adviser/Chief Compliance Officer. Mrs. Akande is a special member (MCIarb) of the Chartered Institute of Arbitrators UK and on the Governing Board of The Eye Bank for Restoring Sight Nigeria.

## Directors' report

For the year ended 31 December 2017

The Directors are pleased to present to the members, their Annual Report together with the audited financial statements for the year ended 31 December 2017.

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

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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

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

### Principal activities

Cadbury Nigeria Plc was incorporated in Nigeria on 9 January 1965 as a company limited by shares. It became a publicly listed Company with its shares traded locally on the Nigerian Stock Exchange in 1976. The Company's registered address is Lateef Jakande Road, Ikeja. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but also for exports in West Africa. The Company also produces a wide range of intermediate products such as cocoa butter, liquor, cake and powder. The cocoa butter, cake and liquor are exported to a wide range of international customers.

### The Product range

The Company's brands fall into three principal categories, namely Refreshment Beverages, Confectionery and Intermediate Cocoa Products. CADBURY BOURNVITA, CADBURY 3-in-1 HOT CHOCOLATE, are the main brands in the refreshment beverage category, while TOMTOM CLASSIC, TOMTOM HONEY LEMON, TOMTOM STRAWBERRY, BUTTERMINT, CLORETS AND TRIDENT are the main brands in the confectionery stable. COCOA POWDER, COCOA CAKE AND COCOA BUTTER are the main products for the Intermediate Cocoa Products.

The relative contributions of the Company's brands to the Company's result in 2017 are as follows:

Brands	2017	2016
Refreshment Beverages	55%	55%
Confectionary	31%	34%
Intermediate Cocoa Products	14%	11%

Cadbury Nigeria Cocoa Processing Plant in Ondo State produces a range of intermediate products such as cocoa butter, liquor and powder. The entire cocoa powder required for production at the Ikeja Plant is sourced from the Ondo Plant.

### Shareholding

Cadbury Nigeria Plc. is owned 74.97% (2016: 74.97%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelēz International (formerly Kraft Foods Inc.). 25.03% (2016: 25.03%) is owned by a highly diversified spread of individual and institutional shareholders. Other than CSOL, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2017 (2016:Nil).

The Registrars have advised that the range of shareholding as at 31 December 2017 was as follows:

Range	No. of Shareholders	Holders %	Unit
1	40,790	56.59	13,999,549
1,001	20,751	28.79	48,529,788
5,001	5,717	7.93	40,427,887
10,001	3,918	5.44	77,345,469
50,001	473	0.66	33,485,560
100,001	345	0.48	69,363,385
500,001	42	0.06	27,840,172
1,000,001	29	0.04	56,730,223
5,000,001	6	0.01	38,573,280
10,000,001	2	-	63,774,996
50,000,001	1	-	1,408,131,653

### Operating results

The following is a summary of the Company's operating results as at 31 December 2017:

<i>In thousands of naira</i>	<b>2017</b>	<b>2016</b>
Revenue	33,079,446	29,979,410
Result from operating activities	711,365	(732,853)
Profit/(loss) before tax	350,317	(562,871)
Income tax (expense)/credit	(50,319)	266,468
Profit/(loss) for the year	299,998	(296,403)

### Dividend

The Directors are pleased to recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a total dividend of N301,512,314 (2016: NIL) that is sixteen kobo per ordinary share of fifty kobo each. If the proposed dividend is approved it will be subject to the deduction of withholding tax at the appropriate rate at the time of payment.

### Board of Directors

The Board is currently made up of seven (7) Directors, two (2) of whom are Executive Directors (the Managing Director and Finance Director) and 5 are Non-Executive Directors (including the Chairman). The Board has a formal schedule of meetings each year and met five (5) times during the year under review. Typically, Board meetings include consideration of a broad range of matters, including but not limited to financial performance, risk management assessment, corporate governance, compliance and internal control, and matters relating to the oversight and management of the business as a whole. In line with its responsibilities for the performance and affairs, the Board also holds an annual Strategy session to consider the strategic goals of the business and ensure that the Company's human and financial resources are effectively deployed towards attaining those goals.

### Record of Directors' attendance at meetings

Pursuant to and in accordance with section 258 (2) of Companies and Allied Matters Act (CAMA), the record of Directors' attendance at Board meetings during the year under review will be made available for inspection at the Annual General Meeting (AGM).

The table below shows the number of meetings attended by the Directors during the period 1 January 2017 to 31 December 2017 as against the number of meetings held during their Board/Committee membership.

<b>Name of Directors</b>	<b>Board Meetings</b>	<b>Governance &amp; Risk Committee</b>	<b>Remuneration &amp; Compensation Committee</b>
Atedo Peterside, CON	5/5	2/2	N/A
Roy Naaman*	1/5	N/A	N/A
Amir Shamsi**	4/5	N/A	N/A
Oveyimika Adeboye	5/5	N/A	N/A
Ibukun Awosika	5/5	N/A	2/2
Adedotun Sulaiman, MFR	5/5	2/2	1/2
Charles Nelson	5/5	N/A	N/A
Gawad Abaza	5/5	2/2	2/2

### Dates of board meetings held in 2017:

23rd January 2017, 14th March 2017, 25th July 2017, 23rd October 2017 (Board Strategy Meeting), and 24th October 2017.

\* Mr. Roy Naaman resigned from the Board effective 31st January 2017.

\*\* Mr Amir Shamsi was subsequently appointed effective 1st February 2017 to fill the casual vacancy as a result of Mr. Naaman's resignation.

### Board appointment

Since the last AGM, Mr. Charles Nelson resigned from the Board with effect from 31 December 2017. On your behalf we wish to thank Mr. Charles Nelson for his invaluable contributions to the Company during his tenure. Mr. Sunil Parthasarathy was subsequently appointed effective 14th March 2018 to fill the casual vacancy as a result of Mr. Nelson's resignation.

### Directors retiring by rotation

The Directors to retire by rotation at the AGM in conformity with the Articles of Association of the Company and section 259(1) of CAMA and who, being eligible, have offered themselves for re-election at the meeting are: Mr. Adedotun Sulaiman and Mrs. Ibukun Awosika.

### Interests of Directors

The interests of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by them for the purpose of Section 275 of CAMA and in compliance with the listing requirements of The Nigerian Stock Exchange are as follows:

Names	Indirect holdings as at 31/12/2017	As at: 31/12/2017	Indirect holdings as at 31/12/2016	As at: 31/12/2016
Atedo Peterside, CON*	9,000,000	Nil	9,000,000	Nil
Roy Naaman	Nil	Nil	Nil	Nil
Amir Shamsi	Nil	Nil	Nil	Nil
Oyeyimika Adeboye	Nil	54,000	Nil	54,000
Ibukun Awosika	Nil	Nil	Nil	Nil
Adedotun Sulaiman, MFR	Nil	594,000	Nil	594,000
Charles Nelson	Nil	Nil	Nil	Nil
Gawad Abaza	Nil	Nil	Nil	Nil

\* Mr. Atedo Peterside, CON, holds these shares indirectly through The First ANAP Domestic Trust.

### Directors' interest in contracts

Mr. Atedo Peterside was previously the Non-Executive Chairman of Stanbic IBTC Bank Plc, one of the Company's bankers. In accordance with the requirements of section 277 of CAMA, Mr. Peterside declared his interest in Stanbic IBTC Bank to the Board of Directors sequel to his appointment as the Chairman of Stanbic IBTC Holdings Plc. He also sits on the Boards of Standard Bank Group Limited, the parent company of Standard Bank of South Africa.

Other than the above, no other Director has declared any interest in contracts with which the Company was involved as at 31 December 2017 (2016: Nil)

### Distributors

The Company's products are distributed nationally through an extensive network of 61 distributors, key accounts and institutional customers. The products reach their ultimate consumers through a chain of wholesalers and retailers across the nation. The names of the distributors are listed in the appendix to the Annual Report.

### Employment and employees

#### a. Our people

The Company recognizes that our people are valuable assets. The collective commitment of our work force has been instrumental to the sustained improvement of our corporate performance. These dedicated, diversified and cross-functional talents in Cadbury Nigeria Plc are equally spread through our Executive Leadership team, Management level and Non-Management cadre.

To enable this talent pool deliver on current challenges and position our business for the future, the human resources policies are construed to ensure that the knowledge and skills of staff are put to the best possible use and we constantly endeavor to align our policies, processes and practices to the very best international standards in employment practices. To this end, we continue to receive support from the Mondelēz International Group to ensure that our employees are empowered to achieve their best both for the Company and for themselves. In the year under review, periodical meetings with employees and several staff initiatives were held which have added extra impetus to our performance-driven, values-led culture of "Acting Like Owners".

**b. Learning and development**

We realize that our Company's ability to sustain a competitive advantage in the long term is largely dependent on the continuous development, training and empowerment of a team of knowledgeable, experienced and motivated employees. Thus, we sustain a consistent policy of training our people, both locally and internationally, to enhance their skills and competence as a key plank of our operational strategy.

It is our policy to equip all employees with the skills and knowledge required for successful performance of their jobs.

We however firmly believe that each individual employee must also take the responsibility to drive his or her own learning and development. To ensure this beneficial shared ownership of learning, we insist that every staff must possess the drive, initiative and motivation to take advantage of the available learning and development opportunities from a global organization such as ours.

**c. Employee involvement**

The Company's on-going success in achieving its commercial objectives depends on the contributions of employees throughout the business. Through our colleague engagement platforms, we deliberately solicit employee involvement and all our staff actively participate in the Company's affairs on a regular basis irrespective of wherever they work.

Several formal channels and consultative committees exist for participation in the Company's affairs. As part of the Company's commitment to transparent communication with its employees, Town Hall meetings are held quarterly, breakfast meetings with the Managing Director and quarterly meetings with a leader, are platforms provided for our employees to communicate in a face-to-face manner with the Company's Executive Management team and directly obtain clarifications and/or rationales behind the Company's performance, activities and future plans.

**d. Equal opportunity statement**

The Company is committed to providing equal opportunities to individuals within its business in all areas of employment. In support of this, policies, procedures and practices focus on capability and do not discriminate on any basis beyond merit and performance.

**e. Employment of physically challenged persons**

It is Cadbury Nigeria Plc's policy to promote diversity and offer everyone equal opportunities for employment. We provide employment opportunities to physically challenged persons, bearing in mind the respective aptitude and abilities of the applicants concerned. In the event that a member of staff becomes physically challenged whilst in the employment of the Company, every effort is made to ensure that their employment with the Company continues and that appropriate training and support is given to them. It is the Company's policy that, as far as possible, all employees are treated alike in the areas of training, career development and promotion.

The Company has 1 physically challenged person in its employment as at 31 December 2017 (2016:1).

**f. Employee engagement**

The Company is committed to ensuring that our employees stay happy, positive and engaged. We celebrated our families on Children's day and used that platform to invite children of our employees to site for some fun activities and domestic safety training. The National Independence day was also celebrated with a colourful event that showcased our rich cultural heritage and national diversity. Employees came to work on that day in their traditional attires. This helped to create an atmosphere of fun in the workplace. We continue to engage with even our ex-employees under the platform of the Cadbury Alumni Network which ensures that employees who have left the Company continue to remain relevant to us.

**g. Cadbury Nigeria Plc in the community**

As part of its corporate social responsibility, the Company made contributions amounting to N 7.7 million (2016: N5.8 million) to the following institutions and organizations during the year:

RECIPIENTS	(N)
Run For Cure Africa (Breast Cancer Awareness)	5,960,260
Lawn Tennis Sponsorship	1,068,093
Nigeria Society for the Blind	167,947
Rotary International District 9110	354,260
Community Development Association Agidingbi	100,321
International Women's Society	45,663
	<b>7,696,543</b>

These figures exclude the value of employee time committed to volunteering in community programs as well as related marketing activities or brand communications. In several cases, donations were given in the form of product donations where these were perceived to be necessary and the cash value of such contributions have been embedded in the above summary at the ex-factory price of the products.

In compliance with section 38(2) of CAMA, the Company did not make any donation or gift to any political party, political association or for any political purpose in 2017.

**Know-How and trademark license agreements**

The Company has Know-How/Management Services and Trademark License Agreements with Mondelez Eastern Europe, Middle East and Africa FZE and Cadbury UK Limited respectively. Under the agreements, Cadbury Nigeria Plc receives technical, scientific and commercial support for its products and its operations.

**Property plant and equipment**

Information relating to changes in property, plant and equipment is given in Note 13 to the financial statements.

**Sustainability report**

The Company pays keen attention to the interest of its stakeholders, such as its employees, host community, consumers and the general public. The Company is sensitive and conscious of the Nigerian social and cultural diversity, thus promoting national interests and values, without compromising global aspirations. The Company imbibes a strong work life balance and gender diversity.

The Company has a culture of integrity and zero tolerance to corruption and unethical practices. The Company also encourages its employees, vendors and business partners to always ensure the highest standards of integrity and compliance with all relevant laws and regulations.

To further buttress the above, the Company has in place a confidential whistle blowing system, which enables staff, suppliers and distributors to raise concerns in relation to its operations, report unethical conduct in breach of its Code of Conduct, illegal acts or omission by employees. Such concerns can be communicated to the Company through [www.mdlzethics.com](http://www.mdlzethics.com) or the dedicated Speak Up line which is made available to employees.

The Company is committed to environmentally sustainable business practices. The Company continuously improves on its environmental performance and uses natural resources efficiently, favoring the usage of sustainably managed renewable resources, thus targeting zero waste.

**Corporate Governance Report**

The Company recognizes the importance of adhering to best corporate governance principles and practices and the valuable contribution made by such adherence to its long term business profitability and accountability to its shareholders.

A strong focus on corporate governance is at the forefront of the Company's operations and in line with the Code of Best Practices on Corporate Governance in Nigeria. Examples of the Company's compliance with these corporate governance requirements during the year under review are as follows:

**i. Board of Directors – composition and independence**

The Board has a total of seven Directors, five of whom are Non-Executive Directors. The Company recognizes the importance of the role of the Non-Executive Directors, all of whom increase the diversity of experience as well as bring objectivity and independence of thought to Board deliberations and decision making.

The position of the Chairman is held by Mr. Atedo Peterside CON, a Non-Executive Director appointed with effect from 21 April 2010. This is separate and distinct from the position of Managing Director which is held by Mr. Amir Shamsi. Mrs. Ibukun Awosika and Mr. Adedotun Sulaiman MFR are independent Non-Executive Directors.

**ii. Board – Training and access to advisers**

The Company has a structured and robust induction programme for new Directors in which the Company's business structure and operations are covered in depth and requisite information provided to assist new Directors in becoming knowledgeable about the Company and discharging their duties effectively.

All the Directors have access to the advice and services of the Company Secretary and if required, to the advice and services of other professionals where such advice will improve the quality of their contribution to Board decision making.

**iii. Committees of The Board**

In conformity with the Code of Best Practice in Corporate Governance, the Company has in place the following Committees:

**(a) Governance & Risk Committee**

The Governance & Risk Committee is guided by its Terms of Reference and has the responsibility of establishing and reviewing recommendations, qualifications and mitigating any potential risks, conflict of interest and otherwise, regarding the appointment of any proposed Executive or Non-Executive Director. Thus ensuring that a review of Board candidates is undertaken in a disciplined and objective manner. The Committee is also tasked with reviewing existing governance procedures and practices in light of current domestic and global developments in Corporate Governance and oversee the enforcement of the company code of conduct and ethics and the non financial elements of risk. The members of the Governance & Risk Committee during the year were Mr. Adedotun Sulaiman, MFR (Chair), Mr Gawad Abaza and Mr. Atedo Peterside, CON .

**(b) Remuneration and Compensation Committee (REMCO)**

The Remuneration & Compensation Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives of the Company, reviewing the ongoing appropriateness and relevance of the remuneration policy and ensuring that all provisions regarding disclosure for remuneration which apply to the company are complied with. The members of the Remuneration & Compensation Committee are Mrs. Ibukun Awosika (Chair), Mr Gawad Abaza and Mr. Adedotun Sulaiman MFR.

**(c) Executive management committee**

The Executive Management Committee comprises the functional directors who head the core business units of the Company. It meets on a bi-monthly basis and is responsible for setting overall corporate targets, reviewing the Company's performance and operational issues and overseeing the affairs of the Company on a day-to-day basis.

As at 31 December 2017, the Executive Management Committee was comprised of the following members: Mr. Amir Shamsi (Managing Director), Mrs. Oyeyimika Adeboye (Finance Director), Mr. Tope-Phillips Aikhuemelo (Human Resources Director), Mr. Atif Meraj (Director, Category Planning & Operation), Mr. Akin Fajembimo (National Sales Manager ), Mr. Ete Pinnick (Manufacturing Director who joined 1<sup>st</sup> April 2017), Mr. Munir Taufiq (Senior Category Manager Powdered Beverages ) Mr. Bala Yesufu (Head, Corporate and Government Affairs) and Mrs. Fola Akande (Company Secretary/Chief Counsel).

**(d) Risk assessment committee**

The Risk Assessment Committee comprises the Executive Management and designated Senior Managers of the Company. It meets on a half yearly basis and its report is forwarded to the Board of Directors for further guidance. It is responsible for the oversight, review and management of the entire business risk of the Company and for proposing steps to mitigate the effects of such business risks. As at 31 December 2017, the Risk Assessment Committee was comprised of the following members: Mr. Amir Shamsi (Managing Director), Mrs. Oyeyimika Adebayo (Finance Director), Mr. Tope-Phillips Aikhuemelo (Human Resources Director), Mr. Ete Pinnick (Manufacturing Director), Mrs. Fola Akande (Company Secretary/Chief Counsel), Mr. Akin Fajembimo (National Sales Manager), Mr. Taufiq Munir (Snr. Category Manager Powdered Beverages), Mr Atif Meraj (Director Category Planning & Operations), and Mr. Femi Gbadewole (Manager Internal Audit) and selected cross-functional Heads of units.

**Code of conduct**

Being part of the Mondelēz International Family of Companies, all employees subscribe to the Mondelēz International Code of Conduct which describes the values that should guide all employees as they do business. The Company maintains a steady awareness of these values by continuous training and publicity of the contents of the Code to its employees throughout the course of the year. Strict adherence to the Code is mandatory in the Company's day to day operations.

**Share trading policy**

Cadbury Nigeria Plc. maintains and is compliant with a share trading policy that guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. Relevant persons are prohibited from dealing in the Company's shares both when they are in possession of material non-public information about the Company's activities as well as during prescribed "blackout" periods. Notification of individual share trading activity is required to be made to the appropriate regulatory bodies as well as the Company Secretary. The share trading policy is also available on the company's website.

**Complaints management policy**

Cadbury Nigeria Plc. maintains and is compliant with the Securities and Exchange Rule relating to the implementation of a Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued on 16th February, 2015 and the Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/15/04/22) to all listed companies ("the NSE Directive") issued on 22nd April, 2015. This policy sets out the framework by which Cadbury Nigeria Plc, its Registrars and key stakeholders provide assistance regarding shareholder issues and concerns. It also provides the opportunity for Cadbury's shareholders to provide feedback to the company on matters that affect shareholders.

The overall objective of the policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

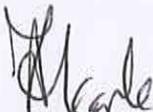
**Audit Committee**

In accordance with section 359(5) of CAMA, members of the Audit Committee of the Company were elected at the last Annual General Meeting held on 16th June 2017. It comprises an equal number of Non-executive directors and ordinary shareholders elected at the Annual General Meeting. It evaluates annually, the independence and performance of external auditor, receives the planning, interim and final audit presentation from the external auditor and also reviews with management and the external auditor, the annual audited financial statements before its submission to the Board. Members that served on the Audit Committee comprise three representatives of the shareholders namely: Pastor Oyelakin Lanre Awobode, Mrs. Elizabeth Gbegbaje and Mrs. Mary Joke Shofolahan and three members of the Board of Directors: Mr. Adedotun Sulaiman MFR, Mrs. Ibukun Awosika and Mr. Charles Nelson, who resigned on 31st December 2017.

**Independent Auditor**

The firm of Messers PricewaterhouseCoopers served as independent Auditor during the year under review.

PricewaterhouseCoopers was appointed during the last annual general meeting held on the 16th June 2017, following the handover by KPMG Professional Services having served as the Company's independent auditor for ten years. This was in compliance with the Securities and Exchange Commission (SEC) Code of Corporate Governance which requires that Independent auditors are rotated after ten years.



**BY ORDER OF THE BOARD**

Fola Akande

Company Secretary

ERC/2013/NBA/00000001060

## STATEMENT OF DIRECTORS' REPONSIBILITIES

The Companies and Allied Matters Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibility include:

- a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;
- b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

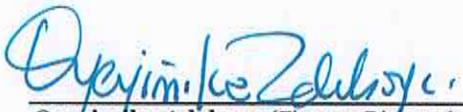
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

### SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

  
\_\_\_\_\_  
Amir Shamsi (Managing Director)  
FRC/2017/IODN/00000017359  
14 March 2018

  
\_\_\_\_\_  
Oyeyimika Adebayo (Finance Director)  
FRC/2013/ICAN/00000001089  
14 March 2018

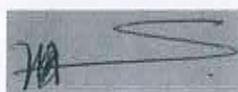
  
\_\_\_\_\_  
Atedo Peterside (Chairman)  
FRC/2013/CIBN/00000001069  
14 March 2018

### Report of the Audit committee

In compliance with section 359 (6) of the Companies and Allied Matters Act of Nigeria, we have;

- (i) Reviewed and ascertained that the accounting and reporting policies adopted by the Company are in accordance with applicable legal requirements and agreed ethical practices.
- (ii) Reviewed the scope and planning of audit requirements and found them satisfactory.
- (iii) Appraised the Financial Statements for the year ended 31 December 2017 and are satisfied with the explanations provided.
- (iv) Reviewed the Company's systems of accounting and internal control and found them effective.
- (v) Reviewed the External Auditor's Management Report for the year ended 31 December 2017 and are satisfied that management is taking appropriate steps to address issues and comments noted in the report.

The Independent Auditors confirmed management's full cooperation in the course of the performance of their duties and that they were not limited in any way by the Company and its management.



**Pastor Lanre Oyelakin**

**Awobode** Chairman, Audit Committee

FRC/2013/ANAN/000000036

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13 March 2018

Members of the Audit Committee are:

- |   |   |
|---|---|
| 1) Pastor Lanre Oyelakin Awobode (Chairman) | Shareholders' Representative                          |
| 2) Mrs. Mary Joke Shofolahan                | Shareholders' Representative                          |
| 3) Mrs. Elizabeth Gbegbaje                  | Shareholders' Representative                          |
| 4) Mr. Adedotun Sulaiman, MFR               | Directors' Representative                             |
| 5) Mr. Charles Nelson                       | Directors' Representative (resigned 31 December 2017) |
| 6) Mrs. Ibukun Awosika                      | Directors' Representative                             |

Attendance at the Committee's meetings for the year 2017 held respectively on 23rd January 2017, 14th March 2017, 25th July 2017 and 24th October 2017 was as follows:

Names of Members	Audit Committee Meetings
Pastor Lanre Oyelakin Awobode (Chairman)	4/4
Mrs. Mary Joke Shofolahan	4/4
Mrs. Elizabeth Gbegbaje	4/4
Mr. Adedotun Sulaiman, MFR	4/4
Mr. Charles Nelson	4/4
Mrs. Ibukun Awosika	4/4

Charles Nelson resigned from the Audit Committee effective 31<sup>st</sup> December 2017.



## *Independent auditor's report*

To the Members of Cadbury Nigeria Plc

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, Cadbury Nigeria Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

#### **What we have audited**

Cadbury Nigeria Plc's financial statements comprise:

- the statement of financial position as at 31 December 2017;
  - the statement of profit or loss and other comprehensive income for the year then ended;
  - the statement of changes in equity for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
- 

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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#### *Key audit matters*

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

We have determined that there are no key audit matters to communicate in our report.

### *Other information*

The directors are responsible for the other information. The other information comprises Financial highlights, Mission statement, Corporate information, Board of Directors and Company Secretary's profile, Directors' report, Value added statement, Five-Year financial summary and Cadbury's Distributors (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

### *Responsibilities of the directors and those charged with governance for the financial statements*

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

### *Auditor's responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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#### *Report on other legal and regulatory requirements*

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

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For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: Oladele Oladipo  
FRC/2013/ICAN/0000002951



16 March 2018

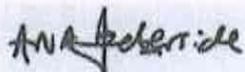
**Statement of financial position**

As at 31 December 2017

In thousands of naira

	Note	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	13,882,124	14,187,437
Intangible assets	14	<u>300,635</u>	<u>397,439</u>
<b>Total non-current assets</b>		<u><b>14,182,759</b></u>	<u><b>14,584,876</b></u>
<b>Current assets</b>			
Inventories	16	6,252,367	5,020,938
Trade and other receivables	17	4,890,318	4,968,703
Prepayments	18	499,656	823,169
Cash and cash equivalents	19	<u>2,598,022</u>	<u>3,011,314</u>
<b>Total current assets</b>		<u><b>14,240,363</b></u>	<u><b>13,824,124</b></u>
<b>Total assets</b>		<u><b>28,423,122</b></u>	<u><b>28,409,000</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	20(a)	939,101	939,101
Share premium	20(d)	272,344	272,344
Other reserves	20(b)	3,436,348	3,436,348
Share based payment reserve	20(c)	49,698	42,634
Retained earnings		<u>7,045,300</u>	<u>6,366,306</u>
<b>Total equity</b>		<u><b>11,742,791</b></u>	<u><b>11,056,733</b></u>
<b>Non-current liabilities</b>			
Deferred taxation	15	290,024	187,708
Employee benefits	21	<u>3,860,721</u>	<u>4,328,231</u>
<b>Total non-current liabilities</b>		<u><b>4,150,745</b></u>	<u><b>4,515,939</b></u>
<b>Current liabilities</b>			
Bank overdrafts	19	1,902,047	151,365
Current tax liabilities	11(b)	69,488	102,192
Short-term loan	24	1,697,713	-
Trade and other payables	23	<u>8,860,338</u>	<u>12,582,771</u>
<b>Total current liabilities</b>		<u><b>12,529,586</b></u>	<u><b>12,836,328</b></u>
<b>Total liabilities</b>		<u><b>16,680,331</b></u>	<u><b>17,352,267</b></u>
<b>Total equity and liabilities</b>		<u><b>28,423,122</b></u>	<u><b>28,409,000</b></u>

These financial statements were approved by the Board of Directors on 14 March 2018 and signed on its behalf by:



Atedo Peterside, CON (Chairman)  
FRC/2013/CIBN/00000001069

Amir Shamsi (Managing Director)  
FRC/2017/IODN/00000017359

Oyeyimika Adeboye (Finance  
Director)  
FRC/2013/ICAN/00000001089

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

**Statement of profit or loss and other comprehensive income for the year ended 31 December**

<i>In thousands of naira</i>	Note	<u>2017</u>	<u>2016</u>
Revenue	5	33,079,446	29,979,410
Cost of sales	9	<u>(25,644,312)</u>	<u>(23,119,007)</u>
<b>Gross profit</b>		<b>7,435,134</b>	<b>6,860,403</b>
Other income	6	99,337	76,434
Selling and distribution expenses	9	(5,228,425)	(5,595,702)
Administrative expenses	9	<u>(1,594,681)</u>	<u>(2,073,988)</u>
<b>Result from operating activities</b>		<b>711,365</b>	<b>(732,853)</b>
Finance income	7	186,915	187,780
Finance cost	7	<u>(547,963)</u>	<u>(17,798)</u>
<b>Net finance (cost)/income</b>		<b>(361,048)</b>	<b>169,982</b>
<b>Profit/(loss) before tax</b>		<b>350,317</b>	<b>(562,871)</b>
Income tax (expense)/credit	11	(50,319)	266,468
<b>Profit/(loss) for the year</b>		<b><u>299,998</u></b>	<b><u>(296,403)</u></b>
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified to profit or loss:</i>			
Remeasurement gains on defined obligations	21(c)	<u>139,421</u>	<u>276,302</u>
<b>Total comprehensive income/(loss) for the year</b>		<b><u>439,419</u></b>	<b><u>(20,101)</u></b>
<b>Basic and diluted earnings/(loss) per share (Kobo)</b>	12(a)	<b>16</b>	<b>(16)</b>

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

**Statement of changes in equity**  
for the year ended 31 December 2017

In thousands of naira

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Shared based payment</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Balance at 1 January 2017</b>	939,101	272,344	3,436,348	42,634	6,366,306	11,056,733
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	299,998	299,998
Remeasurement gains on defined benefit obligations	-	-	-	-	139,421	139,421
<b>Total comprehensive income for the year</b>	-	-	-	-	439,419	439,419
<b>Transactions with owners, recorded directly in equity</b>						
Dividend declared (Note 12(b))	-	-	-	-	-	-
Dividend write-back	-	-	-	-	239,575	239,575
Equity settled share based payment transaction	-	-	-	7,064	-	7,064
<b>Total transactions with owners, recorded directly in equity</b>	-	-	-	7,064	239,575	246,639
<b>Balance at 31 December 2017</b>	939,101	272,344	3,436,348	49,698	7,045,300	11,742,791

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

**Statement of changes in equity**  
for the year ended 31 December 2016

In thousands of naira

	Share capital	Share premium	Other reserves	Shared based payment	Retained earnings	Total equity
<b>Balance at 1 January 2016</b>	939,101	272,344	3,436,348	30,266	7,607,238	12,285,297
<b>Comprehensive income/(loss) for the year</b>						
Loss for the year	-	-	-	-	(296,403)	(296,403)
Remeasurement gains on defined benefit obligations	-	-	-	-	276,302	276,302
<b>Total comprehensive loss for the year</b>	-	-	-	-	(20,101)	(20,101)
<b>Transactions with owners, recorded directly in equity</b>						
Dividend declared (Note 12(b))	-	-	-	-	(1,220,831)	(1,220,831)
Equity settled share based payment transaction	-	-	-	12,368	-	12,368
<b>Total transactions with owners, recorded directly in equity</b>	-	-	-	12,368	(1,220,831)	(1,208,463)
<b>Balance at 31 December 2016</b>	939,101	272,344	3,436,348	42,634	6,366,306	11,056,733

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

**Statement of cash flows**  
for the year ended 31 December 2017

<i>In thousands of naira</i>	<b>Note</b>	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Cash flow from operating activities</b>			
Profit/(loss) for the year		299,998	(296,403)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	13	1,517,193	1,415,488
Equity settled share-based payment transaction	22	7,064	12,368
Amortisation of intangible assets	14	74,804	72,502
Net finance loss/(income)	7	361,048	(169,982)
Gain on sale of property, plant and equipment	8	(51,969)	(15,133)
Income tax expense/(credit)	11	50,319	(266,468)
Gratuity and long service awards charge (Note 21 (b))	10(i)	699,811	932,906
		<u><b>2,958,268</b></u>	<u><b>1,685,278</b></u>
<b>Change in:</b>			
Inventories		(1,231,427)	(3,084,482)
Trade and other receivables		78,385	187,470
Prepayments		323,513	(565,903)
Trade and other payables	23(d)	(1,375,646)	1,715,871
<b>Cash generated from/(used in) operating activities</b>		<u><b>753,093</b></u>	<u><b>(61,766)</b></u>
Employee benefit paid	21	(962,290)	(330,128)
VAT paid		(1,216,117)	(997,774)
Income tax paid	11(b)	(46,317)	(459,196)
<b>Net cash used in operating activities</b>		<u><b>(1,471,631)</b></u>	<u><b>(1,848,864)</b></u>
<b>Cash flow from investing activities</b>			
Interest received	7	186,915	187,780
Proceeds from sale of property, plant and equipment		87,893	61,160
Acquisition of property, plant and equipment	13	(1,225,806)	(283,298)
Acquisition of intangible assets	14	-	(186,723)
<b>Net cash used in investing activities</b>		<u><b>(950,998)</b></u>	<u><b>(221,081)</b></u>
<b>Cash flow from financing activities</b>			
Dividends paid	23(a)	(891,095)	(460,525)
Short term loan	24	1,697,713	-
Interest expense paid	7	(547,963)	(17,798)
<b>Net cash generated from/(used in) financing activities</b>		<u><b>258,655</b></u>	<u><b>(478,323)</b></u>
Net decrease in cash and cash equivalents		(2,163,974)	(2,548,268)
Cash and cash equivalents at 1 January		2,859,949	5,408,217
<b>Cash and cash equivalents at 31 December</b>	19	<u><b>695,975</b></u>	<u><b>2,859,949</b></u>

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

**Notes to the financial statements**

	Page		Page
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## Notes to the financial statements

### 1 Reporting entity

Cadbury Nigeria Plc is a company domiciled in Nigeria. The address of the Company's registered office is Lateef Jakande Road, Ikeja, Lagos. The Company is principally engaged in the manufacture and sale of branded fast moving consumer goods mostly to the Nigerian market, but also for exports.

The Company's brands fall into three principal categories, namely refreshment beverages, confectionary and intermediate cocoa products. Cadbury Bournvita is the refreshment beverage, Tom Tom, Buttermint, Clorets and Trident gum are the Confectionery products while Cocoa Butter is a key product in the intermediate cocoa category.

Cadbury Nigeria Plc is owned 74.97% (2016:74.97%) by Cadbury Schweppes Overseas Limited ("CSOL"), incorporated in the United Kingdom while CSOL is owned by Mondelez International and 25.03% (2016: 25.03%) by a highly diversified spread of individual and institutional shareholders.

### 2 Basis of preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Company's Board of Directors on 14 March 2018.

#### (b) Basis of preparation

These financial statements have been prepared under the historical cost basis except for the following;

- Liabilities for equity-settled share-based payment arrangements – fair value
- Defined benefit obligations – present value of the obligation
- Inventory - lower of cost or net realizable value

The methods used to measure fair values are discussed further in note 4.

#### (c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands, except when otherwise indicated.

#### (d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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 accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions, estimation uncertainties, and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements are included in the relevant accounting policies and the referenced notes below;

Note 15 – Deferred taxation

Note 21 – Employee benefits

Note 22 – Share-based payment plan

Note 28 – Contingent liabilities and commitments

**Notes to the financial statements (Continued)**

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all years 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 at the reporting date are translated at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**(b) Financial instruments**

**i. Non-derivative financial assets**

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

The Company derecognizes 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 such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company has the following non-derivative financial assets

*Loans and receivables*

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

**ii. Non-derivative financial liabilities**

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

**Derecognition**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled.

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

**iii. Offsetting financial instruments**

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

The legal enforceable right is not contingent on future events and is enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

**Notes to the financial statements (Continued)**

**Significant accounting policies (Continued)**

**(c) Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any 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 construction recognized includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, 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 capitalized 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. Gains or 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 recognized as profit or loss in the statement of profit or loss and other comprehensive income.

**ii. Subsequent costs**

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

**iii. Depreciation**

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of capital-work-in-progress, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another 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 of significant items of property, plant and equipment are as follows:

- Leasehold land – Over the lease term period
- Buildings – 40 years
- Plant and Machinery
  - o Power Generating Equipment – 20 Years
  - o Packaging Equipment – 15 years
  - o Food and Candy Processing Equipment – 15 years
  - o Totebins - 2 years
- Motor Vehicles - 4 years
- Office furniture and Equipment – 6.67 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)**

**i. Recognition and measurement**

Software acquired is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

**ii. Amortization is recognized in profit or loss on a straight line basis over the estimated useful life of the software from the date it is available for use.**

The estimated useful lives for the current and comparative years of significant items of intangible asset are as follows:

- Software
  - o Catalyst SAP – 7 years
  - o Others – 5 years

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### (e) Leases

##### i Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an 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 recognized 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 recognized using the Company's incremental borrowing rate.

##### ii Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On 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.

Assets held under other leases are classified as operating leases and are not recognized in the Company's statement of financial position.

##### iii Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized 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 realizable 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. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The basis of costing is as follows:

- Engineering spares and consumable stock - purchase cost on a weighted average basis including transportation and clearing costs;
- Raw, sundry and non-returnable packaging materials, finished products and products in process measured on the basis of standard cost adjusted for variances. The cost of finished goods and products in progress comprises raw materials, direct labor, other direct costs and related production overheads;
- Stock-in-transit - purchase cost incurred to date;

Weighted average cost and standard cost are reviewed periodically to ensure they consistently approximate historical cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stock values are adjusted for obsolete, slow-moving or defective items where appropriate.

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### (g) Dividend

Dividends are recognized as a 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.

The Securities and Exchange Commission (SEC) published a circular in 2015 directing Capital Market Registrars to return all unclaimed dividend which has been in their custody for fifteen (15) months and above to the paying companies. These unclaimed dividends are included as a liability to the shareholders until they become statute barred in accordance with the provisions of Section 385 of CAMA.

#### (h) Impairment

##### i Non-derivative financial

A financial asset not carried at fair value through profit or loss 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 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. Adverse changes in the payment status of borrowers or issuers and observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

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 judgment 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 amortized 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 recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset, where applicable, continues to be recognized 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 profit or loss.

##### ii. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, 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. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit 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").

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### ii. Non-financial assets (continued)

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 recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are used to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses in respect of other assets recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the 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 amortization, if no impairment loss had been recognized.

#### (i) Employee benefits

##### i Defined benefit gratuity scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

The recognized liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognized fully in other comprehensive income (OCI).

The effect of any curtailment is also charged in full in profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximately the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

##### ii Defined contribution plan

A defined contribution scheme is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in 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 permanent staff. Staff contributions to the scheme are funded through payroll deductions. Obligations for contributions to the defined contribution plan are recognized as employee benefit expense in profit or loss in the periods which related services are rendered by employees. Employees contribute 8% each of their Basic salary, Transport & Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10.3% of each employee's Basic salary, Transport & Housing Allowances.

##### iii 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 recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans 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.

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### iv Share-based payment transactions

The Company participates in a group share-based payment arrangement instituted by its ultimate parent, Mondelez International. Certain employees of the Company participate in this arrangement which is based on the shares of Mondelez International. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the years that the employees unconditionally become entitled to the awards.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in accrued liability, over the period that the employees become unconditionally entitled to payment. The liability is premeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as employee benefit in the administrative expenses in profit or loss.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

#### v Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards scheme instituted for all permanent employees. The Company's obligation in respect of the Long Service Awards scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognized fully in profit or loss.

#### vi Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

#### (j) Provisions

A provision is recognized 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 pre-tax cash flows at a 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 recognized as finance cost. A provision for restructuring is recognized 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.

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### (k) 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 recognized 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 recognized 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.

#### (l) Government grants

An unconditional government grant related to export sales is recognized in statement of profit or loss and other comprehensive income as cost of sales when the grant becomes receivable.

#### (m) 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, sales returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, 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 recognized as a reduction of revenue as the sales are recognized.

#### (n) Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets.

#### (o) Tax

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

##### i Current tax

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. The Company is subject to the following types of current income tax:

Company Income Tax- This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2004 as amended to date.

Tertiary Education Tax- Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

**Notes to the financial statements (Continued)**

**Significant accounting policies (Continued)**

**ii Deferred tax**

Deferred tax is recognized 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 recognized 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;

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

A deferred tax asset is recognized for unused tax losses, 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 utilized. 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 realized.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**iii Tax exposures**

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**(p) Share capital**

The Company has only 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.

**(q) 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 profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (if any). Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held (if any), for the effects of all dilutive potential ordinary shares.

**(r) 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. Interest paid is also included in financing activities while finance income is included in investing activities.

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### (s) Operating segment

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

#### (t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The extent of the impact of these standards is yet to be determined. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

##### **IFRS 9 Financial Instruments (2010) effective for annual periods beginning 1 January 2018**

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Company does not expect the new guidance to affect the classification and measurement of these financial assets. There will be no impact on the Company's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. The Company is currently assessing the impact of the standard on impairment of trade receivables.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

##### **IFRS 15 Revenue from contracts with customers effective for annual periods beginning 1 January 2018**

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programs*, and IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognized and the amount of revenue recognized. The company is still assessing the impact of the new standard.

The application of IFRS 15 may further result in the identification of separate performance obligations in relation to sales contracts which could affect the timing of the recognition of revenue going forward.

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### **Amendments to IFRS 2- Classification and measurement of share based payment transactions effective for annual periods beginning 1 January 2018**

Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment. The amendments cover three accounting areas:

*Measurement of cash-settled share-based payments* – There is currently no guidance in IFRS 2 on how to measure the fair value of the liability in a cash-settled share based payment. The amendments clarify that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments – i.e. the modified grant date method. Therefore in measuring the liability market and non-vesting conditions are taken into account in measuring its fair value and the number of awards to receive cash is adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions. The new requirements do not change the cumulative amount of expenses that are ultimately recognized, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement.

*Classification of share-based payments settled net of tax withholdings* – The Company may be obligated to collect or withhold tax related to a share-based payment, even though the tax obligation is often a liability of the employee and not the Company. Currently, it is unclear whether the portion of the share-based payment that is withheld in these instances should be accounted for as equity-settled or cash-settled.

The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.

*Accounting for a modification of a share-based payment from cash-settled to equity-settled* – There is no specific guidance in IFRS 2 that addresses the accounting when a share-based payment is modified from cash-settled to equity-settled. The amendments clarify the approach that companies are to apply.

The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognized for new and outstanding awards. The Company has carried out an assessment to determine the impact that the initial application of IFRS 2 could have on its business and will adopt the standard for the year ending 31 December 2018.

#### **IFRS 16- Leases effective for annual periods beginning 1 January 2019**

*IFRS 16 replaces 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.*

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- Assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- Depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of N 141.18 million, see note 27. The Company estimates that some of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss. However, the Company has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the company's profit or loss and classification going forward.

## Notes to the financial statements (Continued)

### Significant accounting policies (Continued)

#### **New standards, amendments and interpretation adopted by the Company**

The following new standards, amendments to standards and interpretations are effective for the financial year ended 31 December, 2017. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual financial statements of the Company.

#### **(u) Disclosure Initiative (Amendments to IAS 7)**

i The amendments in Disclosure Initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial authorities. It is required that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cashflows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values ; and (v) other changes.

#### **ii Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**

The amendments in Recognition of Deferred Tax Assets for Unrealised Losses clarifies that 1). unrealized losses on debt instrument measured at fair value and measured at cost for tax purposes gives rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument, 2). carrying amount of an asset does not limit the estimation of probable future taxable profits, 3). estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences and 4). an entity assesses a deferred tax asset in combination with other deferred tax assets.

#### **4 Measurement of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized 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).

In some cases, if the inputs used to measure the fair value of an asset or a liability is categorised in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes 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 value is included in Financial Instruments – Financial risk management and fair values (Note 26).

Notes to the financial statements (Continued)

<b>5 Revenue</b>		
Revenue for the year comprises:		
<i>In thousands of naira</i>		
Domestic sales	<u>2017</u>	<u>2016</u>
Export sales	29,386,032	27,365,832
	<u>3,693,414</u>	<u>2,613,578</u>
	<b><u>33,079,446</u></b>	<b><u>29,979,410</u></b>
<b>6 Other income</b>		
Other income comprises:		
<i>In thousands of naira</i>		
Sale of by-products	<u>2017</u>	<u>2016</u>
Gain on disposal of property, plant and equipment	22,544	61,301
	<u>76,793</u>	<u>15,133</u>
	<b><u>99,337</u></b>	<b><u>76,434</u></b>
<b>7 Net finance (cost)/income</b>		
<i>In thousands of naira</i>		
<b>Finance income</b>	<u>2017</u>	<u>2016</u>
Interest income on bank deposits	186,915	187,780
<b>Finance cost</b>		
Interest expense	(547,963)	(17,798)
<b>Net finance (loss)/income recognised in profit or loss</b>	<b><u>(361,048)</u></b>	<b><u>169,982</u></b>
<b>8 Profit/(loss) before tax</b>		
Profit/(loss) before taxation is stated after (crediting)/charging:		
<i>In thousands of naira</i>		
Directors' remuneration (Note 10(iv))	<u>2017</u>	<u>2016</u>
Depreciation (Note 13)	207,983	218,528
Amortisation of intangible assets (Note 14)	1,517,193	1,415,488
Personnel expenses (Note 10(i))	74,804	72,502
Audit fees	5,030,657	5,700,394
Tax services	23,000	24,000
Gain on disposal of property, plant and equipment	29,455	3,000
Royalty and technical service fees	(51,969)	(15,133)
Operating lease cost	574,409	-
Plant hire cost	52,570	136,026
Research and development cost	68,167	61,798
Foreign currency exchange (gain)/loss, net	48,866	143,499
	<u>(77,762)</u>	<u>34,638</u>

Notes to the financial statements (Continued)

9 Expenses by nature

The analysis of Cost of Sales, Selling & Distribution and Administrative expenses by nature are as follows:

In thousands of naira

	<u>2017</u>	<u>2016</u>
Raw materials and packaging items	14,336,229	12,123,964
Energy and utilities	2,002,495	2,114,150
Advertising and sales promotion	4,531,016	4,915,893
Depreciation (Note 13)	1,517,193	1,415,488
Amortization (Note 14)	74,804	72,502
Employee benefits (Note 10(i))	5,037,721	5,700,394
Distribution	697,409	679,809
Repairs and maintenance	632,475	1,188,915
Royalty and technical service (Note 25)	574,409	-
Redundancy costs*	393,660	280,509
Consultancy, professional fees and subscriptions	284,721	298,067
Travel and entertainment	177,069	208,153
Telephone and related charges	96,696	99,982
Leases and insurance	235,700	150,222
Production and office consumables	1,875,911	1,540,649
	<u>32,467,418</u>	<u>30,788,697</u>

Summarised as follows:

Cost of sales	25,644,312	23,119,007
Selling and distribution expenses	5,228,425	5,595,702
Administrative expenses	1,594,681	2,073,988
	<u>32,467,418</u>	<u>30,788,697</u>

\* This relates to the Company's plan to reposition its structure and processes and optimise resources to achieve a simpler and agile performance oriented organisation. This resulted in the reduction of a total of 159 jobs. Agreements were reached with union representatives which specify the number of staff involved and the redundancy compensation package offered by the Company, as well as amounts payable to those made redundant, before the financial year end.

10 Personnel expenses

(i) Employee benefit expenses during the year comprises:

In thousands of naira

	<u>2017</u>	<u>2016</u>
Salaries and wages	3,590,995	4,148,296
Pension contribution (Note 23(b))	739,851	606,824
Gratuity and long service awards (Note 21(b))	699,811	932,906
Share-based transactions (Note 22)	7,064	12,368
	<u>5,037,721</u>	<u>5,700,394</u>

Notes to the financial statements (Continued)

- (ii) Employees of the Company, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

				<u>2017</u>	<u>2016</u>
				Number	Number
N		N			
	400,001 -		600,000	13	23
	600,001 -		800,000	29	26
	800,001 -		1,000,000	6	5
	1,000,001 -		1,200,000	7	30
	1,200,001 -		1,400,000	21	126
	1,400,001 -		1,600,000	84	78
	1,600,001 -		1,800,000	65	55
	1,800,001 -		2,000,000	47	62
	2,000,001 -		2,500,000	118	127
	2,500,001 -		3,000,000	53	57
	3,000,001 -		3,500,000	25	30
	3,500,001 -		4,000,000	11	16
	4,000,001 -		4,500,000	7	10
	4,500,001 -		5,000,000	9	5
	5,000,001 and		above	67	77
				<u>562</u>	<u>727</u>

- (iii) The average number of full-time persons employed during the year (other than Executive Directors) was as follows:

	<u>2017</u>	<u>2016</u>
	Number	Number
Production	280	405
Supply chain	120	134
Sales and marketing	119	128
Administration	43	60
	<u>562</u>	<u>727</u>

- (iv) Remuneration (excluding pension contributions) for Directors of the Company charged to the profit or loss are as follows:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Fees	13,000	13,000
Salaries	194,983	205,582
	<u>207,983</u>	<u>218,582</u>

The Directors' remuneration shown above includes:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Chairman	6,450	7,700
Highest paid director	117,855	129,603

Other Directors received emoluments in the following ranges:

				<u>2017</u>	<u>2016</u>
				Number	Number
N		N			
	Nil -		100,000	2	2
	100,001 -		1,000,000	-	-
	3,000,001 -		6,000,000	2	2
	60,000,000 -		65,000,000	-	1
	70,000,000 -		75,000,000	1	-
				<u>5</u>	<u>5</u>

Notes to the financial statements (Continued)

11 Income tax expense

Tax recognised in profit or loss:

In thousands of naira

Current tax expense

Company income tax

Tertiary education tax

Deferred tax expense/(credit) (Note 15)

Income tax expense/(credit)

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

	<u>2017</u>	<u>2016</u>
	-	-
	13,613	24,143
	<u>13,613</u>	<u>24,143</u>
	<u>36,706</u>	<u>(290,611)</u>
	<u>36,706</u>	<u>(290,611)</u>
	<u>50,319</u>	<u>(266,468)</u>

(a) Reconciliation of effective tax rate:

In thousands of naira

	%	<u>2017</u>	%	<u>2016</u>
Profit/(loss) before tax		307,062		(296,402)
Taxation		<u>50,319</u>		<u>(266,468)</u>
<b>Profit/(loss) before income tax</b>		<b>357,381</b>		<b>(562,870)</b>
Income tax using the Company's domestic rate of 30%	30	107,214	30	(168,861)
Recognition of previously unrecognised tax incentive	10	36,707	-	-
Impact of tertiary education tax	4	13,613	(4)	24,143
Under provision in prior years	-	-	16	(91,915)
Effect of capital allowance and balancing charge	(57)	(204,202)		-
Non-deductible expenses	291	1,038,666	1	(5,335)
Effect of tax incentives and exempted income	(263)	(941,680)	4	(24,500)
<b>Tax expense/(credit)</b>	<b>14</b>	<b>50,318</b>	<b>47</b>	<b>(266,468)</b>

(b) The movement on the tax payable account during the year was as follows:

In thousands of naira

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	102,192	547,266
Current year charge	13,613	24,143
Payments during the year	(46,317)	(459,196)
WHT credit notes utilised	-	(10,021)
<b>Balance, end of the year</b>	<b>69,488</b>	<b>102,192</b>

**Notes to the financial statements (Continued)**

**12 Earnings and declared dividend per share**

**(a) Basic earnings/(loss) per share**

Basic earnings/(loss) per share for the Company of 16 kobo (2016: (16) kobo) is based on the profit attributable to ordinary shareholders N299,998,000 (2016: loss of N296,402,000), and on the 1,878,201,962 (2016: 1,878,201,962) ordinary shares of 50 kobo each, being weighted average number of ordinary shares in issue during the year.

	2017	2016
Weighted average number of ordinary shares Issued ordinary shares at 1 January	1,878,201,962	1,878,201,962
Ordinary shares issued (Note 20)		
Weighted average number of ordinary shares at 31 December	1,878,201,962	1,878,201,962

There were no potentially dilutive shares as at the reporting date (2016:Nil), thus the basic earnings per share and the diluted earnings per share have the same value.

**(b) Dividend declared per share**

No dividend was declared during the year (2016: 65 kobo per share).

After the respective reporting dates, the following dividends were proposed by the Board of Directors, subject to approval at the Annual General Meeting.

	2017	2016
Amount per qualifying share (kobo)	16	-

Notes to the financial statements (Continued)

13 Property, plant and equipment

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

	Leasehold Land	Buildings	Plant & machineries	Office furniture & equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
<i>In thousands of naira</i>							
<b>Cost</b>							
At 1 January, 2017	652,800	4,775,652	19,599,676	1,384,943	1,232,426	137,697	27,783,194
Additions	-	-	144,647	162,383	486,782	431,994	1,225,806
Transfers from CWIP	-	92,849	250,870	116,027	-	(459,746)	-
Disposals	-	-	(28,060)	-	(335,681)	-	(363,741)
Reclassification from CWIP	-	-	-	22,000	-	-	22,000
<b>At 31 December, 2017</b>	<b>652,800</b>	<b>4,868,501</b>	<b>19,967,133</b>	<b>1,685,353</b>	<b>1,383,527</b>	<b>109,945</b>	<b>28,667,260</b>
<b>Accumulated depreciation</b>							
At 1 January, 2017	112,971	983,117	11,039,911	654,300	805,457	-	13,595,756
Depreciation for the year	12,463	195,192	987,684	91,992	229,862	-	1,517,193
Disposals	-	-	(185)	-	(327,639)	-	(327,814)
Reclassification	-	176	(152)	(24)	-	-	-
<b>At 31 December, 2017</b>	<b>125,434</b>	<b>1,178,489</b>	<b>12,027,258</b>	<b>746,268</b>	<b>707,690</b>	<b>-</b>	<b>14,785,136</b>
<b>Cost</b>							
At 1 January, 2016	652,800	4,732,855	18,863,870	1,332,080	1,371,155	694,462	27,647,222
Additions	-	-	-	50,147	-	233,151	283,298
Transfers from CWIP	-	42,797	735,806	2,716	8,597	(789,916)	-
Disposals	-	-	-	-	(147,326)	-	(147,326)
<b>At 31 December, 2016</b>	<b>652,800</b>	<b>4,775,652</b>	<b>19,599,676</b>	<b>1,384,943</b>	<b>1,232,426</b>	<b>137,697</b>	<b>27,783,194</b>
<b>Accumulated depreciation</b>							
At 1 January, 2016	100,508	789,699	10,058,955	574,034	758,371	-	12,281,567
Depreciation for the year	12,463	193,418	980,956	80,266	148,385	-	1,445,488
Disposals	-	-	-	-	(101,299)	-	(101,299)
<b>At 31 December, 2016</b>	<b>112,971</b>	<b>983,117</b>	<b>11,039,911</b>	<b>654,300</b>	<b>805,457</b>	<b>-</b>	<b>13,595,757</b>
<b>Carrying amounts</b>							
At 31 December 2017	527,366	3,690,016	7,939,875	939,085	675,837	109,945	13,882,124
At 31 December 2016	539,829	3,792,535	8,559,765	730,643	426,969	137,697	14,187,437

Notes to the financial statements (Continued)

(c) Capital work in progress

Additions to capital work in progress during the year is analysed as follows:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Plant and machinery	287,347	233,151
Office furniture and equipment	144,647	-
	<u>431,994</u>	<u>233,151</u>

No borrowing costs were capitalised during the year as the acquisition of property, plant and equipment was not through borrowings (2016: Nil)

(d) Capital commitments

Capital expenditure commitments at the year-end authorized by the Board comprise:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Contracted	316,920	1,012,603
Not contracted	-	-
	<u>316,920</u>	<u>1,012,603</u>

14 Intangible assets

Intangible assets represent purchase and installation cost of software licenses. The movement on this account during the year was as follows:

<i>In thousands of naira</i>	<u>Software</u>	<u>Capital Work in progress</u>	<u>Total</u>
<b>Cost</b>			
Balance at 1 January 2017	631,394	60,555	691,949
Transfer from capital work in progress	38,555	(38,555)	-
Reclassification*	-	(22,000)	(22,000)
<b>Balance at 31 December 2017</b>	<u>669,949</u>	<u>-</u>	<u>669,949</u>
Balance at 1 January 2016	505,226	-	505,226
Additions	-	186,723	186,723
Transfer from capital work in progress	126,168	(126,168)	-
<b>Balance at 31 December 2016</b>	<u>631,394</u>	<u>60,555</u>	<u>691,949</u>
<b>Accumulated amortisation</b>			
Balance at 1 January 2017	294,510	-	294,510
Amortisation for the year	74,804	-	74,804
<b>Balance at 31 December 2017</b>	<u>369,314</u>	<u>-</u>	<u>369,314</u>
Balance at 1 January 2016	222,008	-	222,008
Amortisation for the year	72,502	-	72,502
<b>Balance at 31 December 2016</b>	<u>294,510</u>	<u>-</u>	<u>294,510</u>
<b>Carrying amounts</b>			
<b>At 31 December 2016</b>	<u>336,884</u>	<u>60,555</u>	<u>397,439</u>
<b>At 31 December 2017</b>	<u>300,635</u>	<u>-</u>	<u>300,635</u>

\*Reclassification relates to items of property, plants and equipment earlier classified as intangible asset.

Notes to the financial statements (Continued)

45 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

(a) Movement in deferred tax balances

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
Unrealised exchange difference	30,380	45,995	(109,965)	(106,607)	(79,585)	(60,612)
Trade and other receivables	190,942	-	-	-	190,942	-
Employee benefits	1,158,216	1,385,111	-	-	1,158,216	1,385,111
Property, plant and equipment & Intangible assets	1,379,538	1,431,106	(1,539,597)	(1,512,207)	(1,539,597)	(1,512,207)
			(1,669,562)	(1,618,814)	(290,024)	(187,708)

(b) Movement in temporary differences during the year

	Recognised in		Recognised in other		Recognised in other		Recognised in other	
	Balance 1 January 2016	profit and loss	comprehensive income	Balance 31 December 2016	profit and loss	comprehensive income	Balance 31 December 2017	comprehensive income
<i>In thousands of naira</i>								
Property, plant and equipment	4,600	-	-	(1,512,207)	(47,390)	-	(1,559,597)	-
Trade and other receivables	1,239,534	(65,212)	-	(60,612)	190,942	-	190,942	-
Unrealised exchange difference	(348,294)	273,602	(130,025)	1,385,111	(18,973)	-	(79,585)	-
Employee benefits		290,611	(130,025)	(187,708)	(65,610)	(65,610)	1,158,216	(65,610)
					(36,706)	(65,610)	(290,024)	(65,610)

Notes to the financial statements (Continued)

<b>16</b>	<b>Inventories</b>		
	<i>In thousands of naira</i>		
	Raw and packaging materials	<u>2017</u>	<u>2016</u>
		1,551,043	2,712,530
	Product in process	2,746,506	784,099
	Finished products	992,444	1,063,781
	Spare parts	602,157	388,287
	Goods in transit	360,217	72,241
		<u><b>6,252,367</b></u>	<u><b>5,020,938</b></u>

The value of raw materials, packaging materials, spare parts and changes in finished products and products in process included in cost of sales amounted to N19,098 million (2016: N19,391 million).

<b>17</b>	<b>Trade and other receivables</b>		
	<i>In thousands of naira</i>		
		<u>2017</u>	<u>2016</u>
	Trade receivables	3,932,573	4,367,299
	Other receivables	172,072	339,831
	Withholding tax receivable	103,015	89,649
	Due from related parties	682,658	171,924
		<u><b>4,890,318</b></u>	<u><b>4,968,703</b></u>

<b>18</b>	<b>Prepayments</b>		
	<i>In thousands of naira</i>		
		<u>2017</u>	<u>2016</u>
	Prepaid insurance	111,967	97,031
	Prepaid rent	40,402	26,044
	Advances to suppliers	300,835	695,163
	Other prepayments	46,452	4,931
		<u><b>499,656</b></u>	<u><b>823,169</b></u>

<b>19</b>	<b>Cash and cash equivalents</b>		
	<i>In thousands of naira</i>		
		<u>2017</u>	<u>2016</u>
	Bank balances	1,937,218	1,887,216
	Call deposits	660,804	1,124,098
	<b>Cash and cash equivalents in the statement of financial position</b>	<u><b>2,598,022</b></u>	<u><b>3,011,314</b></u>
	Bank overdrafts	(1,902,047)	(151,365)
	<b>Cash and cash equivalents in the statement of cash flows</b>	<u><b>695,975</b></u>	<u><b>2,859,949</b></u>

**Net debt reconciliation**

The table below sets out an analysis of net debt and the movements in net debt for each of the periods presented:

	<i>In thousands of naira</i>		
		<u>2017</u>	<u>2016</u>
	Cash and cash equivalents	695,975	2,859,949
	Borrowings - repayable within one year (including overdraft)	(1,697,713)	-
	Net debt	<u><b>(1,001,738)</b></u>	<u><b>2,859,949</b></u>
	Cash and liquid investments	695,975	2,859,949
	Gross debt - fixed interest rates	(1,697,713)	-
	Net debt	<u><b>(1,001,738)</b></u>	<u><b>2,859,949</b></u>

Notes to the financial statements (Continued)

	Other assets		Liabilities from financing activities	
	Cash/bank overdraft	Borrowing due within 1 year	Total	
<i>In thousands of naira</i>				
Net debt as at 1 January 2017	2,859,949	-	2,859,949	
Cash flows	(2,163,974)	(1,697,713)	(3,861,687)	
Net debt as at 31 December 2017	<u>695,975</u>	<u>(1,697,713)</u>	<u>(1,001,738)</u>	

**20 Capital and reserves**

(a) Ordinary shares as at 31 December

*In thousands of naira*

Authorised 2,747,827,802 (2016: 2,747,827,802)  
ordinary shares of 50k each

Issued and fully paid ordinary shares of 50k each

At 31 December - 1,878,201,962 ordinary shares of 50k each (2016: 1,878,201,962)

	2017	2016
	<u>1,373,914</u>	<u>1,373,914</u>
	<u>939,101</u>	<u>939,101</u>

**Nature and purpose of reserves**

(b) Other reserves

The other reserves relates to non-distributable reserve that existed prior to the IFRS conversion which the Company did not transfer to retained earnings.

(c) Shared based payment reserve

The share based payment reserve relates to ordinary shares of Mondelez International that would be issued to employees when the options granted are being exercised. As at year end, share based payment reserve amounted to N49.7 million (2016: N42.6million). Note 22.

(d) Share premium

The balance in the share premium account was as follows:

*In thousands of naira*

At 31 December

	2017	2016
	<u>272,344</u>	<u>272,344</u>

**21 Employee benefits**

Employee benefits comprises:

*In thousands of naira*

Unfunded gratuity obligation (Note(a)(i))

Other long-term employee benefits (Note(a)(ii))

	2017	2016
	3,414,003	3,862,664
	446,718	465,567
	<u>3,860,721</u>	<u>4,328,231</u>

The Company operates an unfunded annualised defined benefit gratuity scheme for its employees. Under the annualised defined benefit plan, gratuity is calculated on an annual basis using the salaries for each year to determine the benefits using projected unit credit method. The gratuity and other long term employee benefit provisions are based upon independent actuarial valuation conducted by Rotimi Okpaise (FRC/2012/NAS/000000738) of Ernst & Young, Nigeria.

Notes to the financial statements (Continued)

(a) The following analyse the movement in the present value of employee benefit obligations, expense recognized in the profit or loss, actuarial assumptions and other information relating to the benefit plans:

(i) Movement in the present value of unfunded gratuity

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	3,862,664	3,715,865
Benefits paid by the plan	(958,739)	(289,965)
Current service costs	394,219	399,630
Interest cost	595,306	443,461
Curtailement	(274,416)	-
	<u>3,619,034</u>	<u>4,268,991</u>
<i>Included in OCI</i>		
Remeasurement gains on defined benefit obligations		
- change in assumption	220,398	(132,167)
- change in experience	(425,429)	(274,160)
	<u>(205,031)</u>	<u>(406,327)</u>
<b>Balance, end of year</b>	<u><b>3,414,003</b></u>	<u><b>3,862,664</b></u>

(ii) Movement in other long-term employee benefits:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	465,567	415,915
Benefits paid by the plan	(3,551)	(40,163)
Current service costs	51,830	48,043
Interest cost	71,646	48,185
Curtailement/plan amendment	(125,629)	9,806
Remeasurement gain	(13,145)	(16,219)
<b>Balance, end of year</b>	<u><b>446,718</b></u>	<u><b>465,567</b></u>

(b) The employee benefits related expense are recognised in the following line items in the statement of profit or loss and other comprehensive income:

<i>In thousands of naira</i>	<u>Cost of Sales</u>	
	<u>2017</u>	<u>2016</u>
Defined benefit obligation expense	500,576	219,204
Pension expense	73,985	157,774
Long service awards (credit)/expense	(10,709)	23,352
	<u>563,853</u>	<u>400,330</u>

<i>In thousands of naira</i>	<u>Administrative Expenses</u>	
	<u>2017</u>	<u>2016</u>
Defined benefit obligation expense	214,533	623,887
Pension expense	665,866	449,050
Long service awards (credit)/expense	(4,589)	66,463
	<u>875,809</u>	<u>1,139,400</u>

<i>In thousands of naira</i>	<u>Total</u>	
	<u>2017</u>	<u>2016</u>
Defined benefit obligation expense	715,109	843,091
Long service awards (credit)/expense	(15,298)	89,815
	<u>699,811</u>	<u>932,906</u>
Pension expense	739,851	606,824
	<u>1,439,662</u>	<u>1,539,730</u>

Notes to the financial statements (Continued)

(c) Remeasurement gains and losses recognised in other comprehensive income are analysed as follows:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Defined benefit plans remeasurement gain	205,031	406,327
Tax expense	(65,610)	(130,025)
<b>Defined benefit plans remeasurement gains net of tax</b>	<b><u>139,421</u></b>	<b><u>276,302</u></b>

(d) Actuarial assumptions

Principal financial actuarial assumptions at the reporting date (expressed as weighted averages):

	<u>2017</u>	<u>2016</u>
	%	%
Discount rate	14.0	15.5
Future salary increases	14.0	14.0
Inflation rate	12.0	12.0

*Mortality in service*

Sample age	2017	2016
	Number of deaths in year out of 10,000 lives	Number of deaths in year out of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

*Withdrawal from service*

Age band	2017	2016
	Rate (%)	Rate (%)
Less than or equal to 30		
30-39	3	3
40-49	2	2
50-59	1	1
	0	0

Assumptions regarding future mortality rates are based on published A67/70 statistics and mortality tables by Institute and Faculty of Actuaries in the UK.

*Withdrawals/turnover*

It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2016: age 60).

Notes to the financial statements (Continued)

(e) Sensitivity analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

<i>In thousands of naira</i>		Gratuity N	Long service awards N
<b>Base</b>		3,414,003	446,718
	+1%	3,262,395	417,050
<b>Discount rate</b>	-1%	3,585,130	479,876
	+1%	3,559,230	468,798
<b>Salary increase rate</b>	-1%	3,247,100	426,663
	Age rated up by one year	3,411,349	445,084
<b>Mortality rate</b>	Age rated down by one year	3,416,385	448,188

**Notes to the financial statements (Continued)**

**22 Share-based payment plan**

The Group's ultimate holding company, Mondelez International, operates two Equity Incentive Schemes for its key management employees around the world known as the Deferred Stock Unit Agreement (DSU) and Non-Qualified Non-U.S. Stock Option Award Agreement (NSOA). Under the DSU agreement, Mondelez International awards Restricted Stock Units (RSU) to employees that entitle participants to receive freely disposable Mondelez International equity instruments or an equivalent amount in cash at the end of a three-year restriction period. Under the NSOA agreement, participating employees receive the share appreciation in value i.e., the difference between the fair value of the options on exercise date and the price on grant date at the end of the three year vesting period. The fair value at grant date is determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 December 2017 included:

- a. Exercise price: US\$43.2 (2016 – US\$39.7)
- b. Grant date: 16 February 2017 (2016 – 22 February 2016)
- c. Expiry date: 16 February 2030 (2016 – 22 February 2029)
- d. Expected volatility of underlying shares: 21% (2016 – 22%)
- e. Risk free interest rate: 2.39% (2016 – 1.59%)
- f. Expected dividend yield: 1.5% (2016 – 1.5%)

At 31 December 2017, Cadbury Nigeria Plc has one (1) (2016: three (3)) deserving management employee(s) in its employment.

The Share based payment are equity settled. The terms and conditions relating to the grants of the DSU and NSOA agreements are as follows:

Revenue		Number of instruments	Vesting conditions	Contractual life of rights
Shares awarded to senior management in 2015		2,290	3year's service	10 years
Shares awarded to senior management in 2016		1,840	3year's service	10 years
Shares awarded to senior management in 2017		4,880	3year's service	10 years

The weighted average share price of stock was \$42.8 while the movement in the share based payment account was as follows:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Cumulative amount at January 1	42,634	30,266
Recognized during the year	7,064	12,368
Cancelled during the year	-	-
<b>Cumulative amount at December 31</b>	<b><u>49,698</u></b>	<b><u>42,634</u></b>

**23 Trade and other payables**

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Trade payables	3,287,226	4,164,468
Dividend payable (Note (a))	278,079	1,499,789
Pension payable (Note (b))	61,405	13,801
Accrued expenses and provisions	3,601,524	4,098,333
Due to related parties (Note 25)	1,632,104	2,806,380
	<b><u>8,860,338</u></b>	<b><u>12,582,771</u></b>

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26.

**Notes to the financial statements (Continued)**

**(a) Dividend payable**

Dividend payable represents unclaimed dividend from prior years. The movement on this account was as follows:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	1,499,790	605,966
Dividend declared	-	1,220,831
Payments made during the year	(891,095)	(460,525)
Dividend writeback	(239,575)	-
Unclaimed dividend held with registrars	(91,041)	133,518
<b>Balance, end of year</b>	<b><u>278,079</u></b>	<b><u>1,499,790</u></b>

**(b) Pension payable**

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Obligation as at 1 January	13,800	58,220
Charge for the year	739,851	606,824
Payments	(692,247)	(651,244)
<b>Obligation as at 31 December</b>	<b><u>61,405</u></b>	<b><u>13,800</u></b>

**(c) Due to related parties**

This represents technical service fees, royalty and other charges due to Cadbury UK, Mondelez Eastern Europe Middle East & Africa FZE and other related companies.

**(d) Reconciliation of changes in trade and other payables included in statement of cash flows**

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Movement in trade and other payables	(3,722,433)	1,478,403
VAT paid	1,216,117	997,774
Dividend paid	891,095	-
Dividend write back	239,575	-
Unpaid dividend for the year	-	(760,306)
	<b><u>(1,375,646)</u></b>	<b><u>1,715,871</u></b>

**24 Borrowings**

Movement in loans and borrowings during the year is as follows:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Short-term loan	<u>1,697,713</u>	<u>-</u>

The term loan represents a loan to the Company provided by Stanbic IBTC Plc. The loan was provided in Naira which is the Company's local currency. The principal amount of the loan is N 1.6 billion at an interest rate of 22% per annum for 180 days.

The Company did not provide any collateral for the loan.

**25 Related Parties**

**Amount due from related parties**

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Kraft Foods R&D Inc. Deutschland (KFD)	18,965	19,962
Cadbury Kenya Ltd. Nairobi	1,724	1,956
Mondelez Kinh Do Vietnam Join (MKDV)	9,407	-
Mondelez Egypt Foods SAE (MEF)	230	-
Cadbury Ghana Limited	642,509	143,693
Mondelez Global LLC (MG)	3,696	-
Mondelez Asia Pacific Pte Limited	6,127	6,313
	<b><u>682,658</u></b>	<b><u>171,924</u></b>

**Notes to the financial statements (Continued)**

**Amounts due to related parties**

*In thousands of naira*

	<u>2017</u>	<u>2016</u>
Mondelez (MDLZ EEMEA)	-	1,706,835
Mondelez Bahrain WLL	108,883	40,444
Mondelez Europe Services GmbH	53,488	-
Mondelez Egypt Foods SAE (MEF)	50,795	(114,135)
Cadbury UK Limited	-	275,104
Cadbury Ghana Limited	791,675	464,006
Mondelez India Foods PVT Limited	46,764	-
Mondelez Pakistan Limited (MP)	181,287	18,340
Mondelez Asia Pacific Pte Limited	9,187	-
Cadbury Enterprises Pte Ltd (Singapore)	8,582	3,225
Mondelez Global LLC (MG)	78,053	-
Mondelez South Africa (Pty) Limited	242,129	210,049
Kent Gida Maddeleri Sanayi VE, Turkey	-	154,223
Mondelez Deutschland Services	1,163	1,045
Mondelez Europe Services GmbH	49,943	46,847
Mondelez Bus Srvc AP-PH Branch	10,355	-
Reading Scientific Services, UK	-	397
	<u><b>1,632,104</b></u>	<u><b>2,806,380</b></u>

**(a) Parent and Ultimate holding companies**

The Company is a subsidiary of Mondelēz International incorporated in the United States of America. Mondelēz International, through Cadbury Schweppes Overseas Limited held 74.97% of the issued and fully paid share capital of the Company at 31 December 2017 (2016: 74.97%).

**(b) Related party transactions**

The Company entered into the following transactions with the under-listed related parties during the year:

**(i) Cadbury UK Limited**

The Company has exclusive rights to the manufacture, distribution and marketing of Cadbury's international brands in Nigeria. In consideration for this, royalties are paid to Cadbury UK Limited.

The Company is yet to obtain approval for its trade mark license for 2017 from the National Office for Technology Acquisition and Promotion (NOTAP), hence, no accrual was made in the books for royalties payable. The last NOTAP approval received relates to prior year 2016 with a certificate of registration number, CR006384, for the Trademark License agreement. The approved remittable fees for prior period was 0.5% of Net Sales total not exceeding N131.7 million.

At the year end, there was no amount due to Cadbury UK Limited (2016: N275 million).

Notes to the financial statements (Continued)

- (ii) **Mondelez Eastern Europe Middle East & Africa FZE (MDLZ EEMEA)**  
The regional Head Quarter of Eastern Europe, Middle East and Africa region of Mondelez International was moved from MDLZ EEMEA to Singapore. The technical know-how and management service agreement with MDLZ EEMEA for 2017 financial year is yet to be approved by the National Office for Technology Acquisition and Promotion (NOTAP), hence, no accrual has been made for the year. The last NOTAP approval received for technical know-how and management service agreement relates to prior year 2016 with a certificate of registration number CRO06333 and this was charged in the current year. The approved remittable technology fees in prior period was 1.5% of Net Sales and 2% of PBT, respectively, total not exceeding N449.7million. At year end, there was no amount due to MDLZ EEMEA for the provision of technical services (2016: N1,707 million).
- (iii) **Cadbury Ghana Limited (CGL)**  
The Company sells confectionery to CGL and in turn purchases 3-in-1 Hot chocolate from CGL. Sales during the year amounted to N393.8 million (2016: N467 million), Purchases during the period N2,396.6 million (2016: N544.9 million) and other transactions for the period amounted to N203.8 million (2016: N195.3 million). The net amount due to CGL from Cadbury Nigeria Plc was N149.1 million (2016: N320 million) at year end. The Company and CGL are subsidiaries of the same parent company
- (iv) **Mondelez Bahrain W.L.L. (MB)**  
The Company shares the same parent company with MB. Transactions during the year amounted to N69.4 million representing mainly salary recharges to the Company. At year end, the amount due to MB was N108.9 million (2016: N40.4 million).
- (v) **Mondelez Pakistan Limited (MP)**  
The Company shares the same parent company with MP. Transactions during the year amounted to N153million (2016:N17.7million) representing mainly salary recharges to the Company. The amount due to MP at year end was N181.3million (2016:N18.3million).
- (vi) **Mondelez South Africa (Pty) Limited**  
The Company shares the same parent company with KFSA. Transactions during the year amounted to N38.3million (2016:N186.8million) representing mainly salary recharges to the Company. The amount due to KFSA at year end was N242million (2016: N210 million).
- (vii) **Kraft Foods R&D Inc, Deutschland (KFD)**  
The Company shares the same parent company with KFD. Transactions during the year amounted to N177 million (2016:N19.3million) representing mainly research, development and Quality (RD&Q) recharges from the Company to them. The amount due from KFD at year end was N18.9 million (2016: N19.9 million)
- (viii) **Kent Gıda Maddeleri Sanayi (KGMS) VE, Turkey**  
The Company commenced the purchase of certain Gum products from Turkey in the last quarter of 2016 which it sells and market to its consumers. There was no amount due to KGMS Turkey from CNP as at year end (2016: N154 million).
- (ix) **Cadbury Enterprises Pte Ltd (Singapore)**  
In October 2016, the Mondelez Regional HQ in Dubai was moved to Singapore and Cadbury Nigeria Plc became part of the new region (AMEA) with HQ in Singapore. Also the Company has the exclusive rights to manufacture, distribution and marketing of Cadbury's international brands in Nigeria and also provide. In consideration for this, royalties, technical know-how and management services are due to Cadbury enterprises Pte. The Company is yet to obtain approval for its trade mark license, technical know-how and management service agreement with Cadbury Enterprises Pte for 2017 from the National Office for Technology Acquisition and Promotion (NOTAP), hence, no accrual was made for the year. The amount due to Singapore at the end of the year was N8.6million (2016: N3.2million)

**Notes to the financial statements (Continued)**

- (x) **Mondelez Egypt Foods SAE (MEF) formerly Kraft Foods Egypt Co, SAE (KFE)**  
The Company purchases certain Gum product from KFE during the year which it sells and market to its consumers. Purchases in the current year amounted to N175.3 million (2016: N50.6 million). The amount due to KFE as at year end was N50.7 million (2016: Nil) and due from KFE as at year end No.2 million (2016: N114 million).
- (xi) **Cadbury Kenya Ltd. Nairobi (CKL)**  
The Company shares the same parent company with CKL. Transactions during the year amounted to N11.2 million representing mainly salary recharges to the Company. The amount due from CKL at year end was N1.7 million (2016: N1.9million).
- (xii) **Mondelez India Foods PVT Ltd. (MIFL)**  
The Company shares the same parent company with MIFL. Transactions during the year amounted to N46.6 million representing mainly fixed asset purchase by the Company. The amount due to MIFL at year end was N46.8 million (2016: Nil)
- (xiii) **Mondelez Global LLC (MG)**  
The Company shares the same parent company with MG. Net transactions during the year amounted to N56.9 million representing mainly provision of services to the Company. The net amount due to MG at year end was N74.4 million (2016: Nil).
- (xiv) **Mondelez Europe Services GmbH (MES)**  
The Company shares the same parent company with MES. Transactions during the year amounted to N45.1 million representing mainly salary recharges to the Company. The amount due to MP at year end was N53.5 million (2016: Nil).
- (xv) **Mondelez Asia Pacific Pte Limited (MAPL)**  
The Company shares the same parent company with MAPL. Transactions during the year amounted to N6.1 million representing provision of employee related services to the Company. The net amount due to MAPL at year end was N3.1 million (2016: 3.2 million).
- (xvi) **Stanbic IBTC Bank Plc**  
The Company maintained banking relationship with StanbicIBTC Bank Plc during the year. The Chairman of the Company, Mr. Atedo Peterside, also sits on the Boards of Standard Bank South Africa Limited and Standard Bank Group Limited, the parent Company of Stanbic IBTC Bank Plc. During the year, the Company held term deposits with Stanbic IBTC Bank Plc as investments. These deposits are included as part of the call deposits shown in Note 19. The Company also obtained a short term loan from Stanbic IBTC Bank Plc during the year as detailed in Note 24.

**( c ) Transactions with executive management personnel and executive management personnel compensation**

In addition to their salaries, the Company also provides non-cash benefits to Executive Directors and members of executive management, and contributes to a post-employment defined contribution plan on their behalf. In accordance with the terms of the plan, Executive Directors and other executive management retire at age 60 and if qualified, are entitled to receive gratuity lump sum amount from Cadbury Nigeria Plc.

Executive Directors and other executive management, if qualified, also participate in the Company's long service awards programme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service.

**Notes to the financial statements (Continued)**

Executive management personnel compensation comprised:

*In thousands of naira*

	<b>2017</b>	<b>2016</b>
Short-term employee benefits	450,452	423,501
Contribution to compulsory pension fund scheme	9,717	7,361
Share based payments	-	12,368
	<b>460,169</b>	<b>443,230</b>

**26 Financial instruments**

**Financial risk management and fair values A Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Internal Audit Function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In thousands of naira</i>	<b>2017</b>	<b>2016</b>
Cash and cash equivalents (Note 19)	2,598,022	3,011,314
Trade receivables (Note 17)	3,932,573	4,367,299
Other receivables (Note 17)	172,072	339,831
Due from related parties (Note 17)	682,658	155,874
	<b>7,385,325</b>	<b>7,874,318</b>

**Notes to the financial statements (Continued)**

**Trade receivables:**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available, and in some cases bank references.

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

More than 62% (2016: 38%) of the Company's customers have been transacting with the Company for over four (4) years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's distributors. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Company does not have any significant concentration of credit risk.  
The aging of trade receivables at the reporting date was:

**Gross amount**

*In thousands of naira*

	<b>2017</b>	<b>2016</b>
Not past due 0-38 days	3,903,695	4,043,658
Past due 39 - 180 days	-	399,141
Past due 181 - 365 days	36,279	34
More than one year	-	590,336
	<b>3,939,974</b>	<b>5,033,169</b>

In the prior year, the Company reviewed Customers' credit days from 30 days to 38 days to align with the Customers' new working capital matrix. This change was to enable Customers stabilize future cash flows and regularise their ordering cycle.

**Impairment**

*In thousands of naira*

	<b>2017</b>	<b>2016</b>
Not past due 0-38 days	-	-
Past due 39 - 180 days	-	78,041
Past due 181 - 365 days	7,400	-
More than one year	-	587,829
	<b>7,400</b>	<b>665,870</b>

**Carrying amount**

*In thousands of naira*

	<b>2017</b>	<b>2016</b>
Not past due 0-38 days	3,903,695	4,043,658
Past due 39 - 180 days	-	321,100
Past due 181 - 365 days	28,879	34
More than one year	-	2,507
	<b>3,932,574</b>	<b>4,367,299</b>

**Notes to the financial statements (Continued)**

The Company believes that adequate provision has been made for impaired amounts that are past due by more than 38 days based on historic payment behavior and extensive analysis of customer credit risk, including underlying customer credit ratings, when available.

The credit quality of trade and other receivables is assessed based on a credit policy established by the Risk Management Committee. The Company has monitored customer credit risk, by grouping trade and other receivables based on their characteristics. An analysis of the credit quality of trade and other receivables not impaired is as follows:

**Carrying amount**

*In thousands of naira*

	<u>2017</u>	<u>2016</u>
Four or more years trading history with the Company	3,888,833	3,939,456
Less than four years trading history with the Company	<u>43,741</u>	<u>427,843</u>
	<u><b>3,932,574</b></u>	<u><b>4,367,299</b></u>

Based on the Company's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

**Cash and cash equivalents:**

The Company held cash and cash equivalents of N2,593 million at 31 December 2017 (2016: N 3,011 million), which represents its maximum credit exposure on these assets.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses standard costing to cost its products, which assist it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2017, the expected cash flows from trade and other receivables maturing within two months were N 3, 929 million (2016: N4,577 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Company maintains the following lines of credit:

- US \$15 million import finance facility to meet the importation needs of the Company. (2016: US\$8 million). The facility has a tenure of 365 days that renews automatically at the option of the Company. This facility is priced at an interest rate of LIBOR + 6% per annum.

**Analysis of non-derivative financial liabilities**

*In thousands of naira*

	<u>2017</u>	<u>2016</u>
Trade payables	3,287,226	4,164,468
Dividend payable	278,079	1,499,789
Accrued expenses*	3,224,837	3,215,269
Due to related parties	1,632,104	2,790,330
Short-term loan	1,697,713	-
Bank overdrafts	<u>1,902,047</u>	<u>151,365</u>
	<u><b>12,022,006</b></u>	<u><b>11,821,221</b></u>

\* Accrued expenses net of provisions and non current income taxes.

Notes to the financial statements (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company, primarily the US dollars (USD), Great British pounds (GBP), Euros and Swiss francs. The Company's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The summary quantitative data about the Company's exposure to currency risk as reported to the Management of the Company based on its risk management policy was as follows:

	<u>2017</u>	<u>2016</u>
	GBP	GBP
Trade receivables*	4,326	-
Trade payables**	(120,426)	(1,962,073)
	<u>(116,100)</u>	<u>(1,962,073)</u>
	<u>2017</u>	<u>2016</u>
	USD	USD
Trade receivables*	3,491,125	1,116,075
Trade payables**	(6,549,311)	(10,234,890)
	<u>(3,058,186)</u>	<u>(9,118,815)</u>
	<u>2017</u>	<u>2016</u>
	EURO	EURO
Trade payables**	(1,099,656)	(1,959,543)
	<u>(1,099,656)</u>	<u>(1,959,543)</u>

\* This amount relates to receivables from intercompany partners for the sales of finished goods and also sales of Cocoa butter and cake to other export customers.

\*\* This amount relates to payments to intercompany partners on recharges and invoices for other services rendered to Cadbury Nigeria Plc as well as a number of other foreign suppliers.  
The following significant exchange rates applied during the year:

	<u>Average Rate</u>	
	<u>2017</u>	<u>2016</u>
Naira		
GBP 1	394.22	341.35
USD 1	307.48	253.02
EURO1	344.70	280.00
	<u>Reporting date spot rate</u>	
	<u>2017</u>	<u>2016</u>
Naira		
GBP 1	369.04	389.10
USD 1	360.00	315.33
EURO1	414.81	331.61

Notes to the financial statements (Continued)

(ii) **Sensitivity analysis**

A weakening of the naira, as indicated below, against the GBP would have decreased equity and profit or loss by the amounts shown below while a weakening of the naira against the USD would have increased equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast sales and purchases.

**31 December 2017**

*In thousands of naira*

	<u>Equity</u>	<u>Profit/(loss)</u>
GBP (25 percent weakening)	(7,283)	(10,711)
USD (25 percent weakening)	(187,161)	(275,237)
EURO (25 percent weakening)	(77,546)	(114,038)

**31 December 2016**

*In thousands of naira*

	<u>Equity</u>	<u>Profit/(loss)</u>
GBP (50 percent weakening)	(259,570)	(381,721)
USD (50 percent weakening)	(977,648)	(1,437,718)
EURO (50 percent weakening)	(220,921)	(324,884)

A strengthening of the naira against the above currencies at 31 December 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
Total liabilities	1,697,713	-
Less: Cash and Cash equivalents	<u>(2,598,022)</u>	<u>(3,011,314)</u>
Total Equity	<u>11,742,791</u>	<u>11,056,734</u>
Net debt to equity ratio	<u>(0.08)</u>	<u>(0.27)</u>

There were no changes in the Company's approach to capital management during the year.

Notes to the financial statements (Continued)

**B Fair values**

**Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in statement of financial position, are as follows:

**Financial assets**

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
<b>Loans and receivables</b>		
Trade receivables	3,932,573	4,367,299
Other receivables	172,072	339,831
Due from related parties	682,658	155,874
Cash and cash equivalent	2,598,022	2,859,949
	<u><b>7,385,325</b></u>	<u><b>7,722,953</b></u>

**Financial liabilities**

<i>In thousands of naira</i>	<u>2017</u>	<u>2016</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Trade payables	3,287,226	4,164,468
Dividend payable	278,079	1,499,789
Accrued expenses	3,601,524	3,214,269
Short-term loan	1,697,713	-
Due to related parties	1,632,104	2,790,330
Bank overdrafts	1,902,047	151,365
	<u><b>12,398,693</b></u>	<u><b>11,820,221</b></u>

Trade and other receivables, bank balances dividend payables and trade and other payables are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

**31 December 2017**

<i>In thousands of naira</i>	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>6 months or less</u>	<u>6-12 months</u>
Bank overdrafts	1,902,047	(1,902,047)	(1,902,047)	-
Trade and other payables	10,496,646	(10,496,646)	(10,496,646)	-
	<u><b>12,398,693</b></u>	<u><b>(12,398,693)</b></u>	<u><b>(12,398,693)</b></u>	<u><b>-</b></u>

**31 December 2016**

<i>In thousands of naira</i>	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>6 months or less</u>	<u>6-12 months</u>
Bank overdrafts	151,365	(151,365)	(151,365)	-
Trade and other payables	11,668,856	(11,668,856)	(11,668,856)	-
	<u><b>11,820,221</b></u>	<u><b>(11,820,221)</b></u>	<u><b>(11,820,221)</b></u>	<u><b>-</b></u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Notes to the financial statements (Continued)**

**27 Operating leases**

Non-cancellable operating lease rentals are as follows:

*In thousands of naira*

	<u>2017</u>	<u>2016</u>
Less than one year	55,618	31,210
Between one and five years	85,566	-
	<u><u>141,184</u></u>	<u><u>31,210</u></u>

The Company leases a number of offices and accommodation facilities under operating leases. The leases typically run between one and five years with an option to renew the lease after the expiration date. Lease payments are increased every two years to reflect market rentals. As at year end, unpaid lease rental for subsequent periods, amounted to N 8.73 million (2016: N5.16 million) and paid lease rental for subsequent periods amounted to N 40.40 million (2016: N26.04 million).

During the year ended 31 December 2017, an amount of N120.74 million was recognized as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases (2016: N136.06 million).

**28 Contingent liabilities and commitments**

The Company is subject to various claims and litigation and other contingent liabilities arising in the normal course of the business. Contingent liabilities in respect of pending litigation and other possible claims were N63 million (2016: N147 million). Based on independent legal advice and investigations conducted to date, no material loss is expected to arise from these claims.

**29 Information on reportable segments**

(i) **Business segments**

The Company has three reportable business segments summarized as follows:

<b>Segment Description</b>	
Refreshment Beverages	This includes the manufacturing and sale of Bournvita and Hot Chocolate.
Confectionary	This includes the manufacturing and sale of Tom Tom, Buttermint, Clorets and Trident.
Intermediate Cocoa Products	This includes the manufacturing and sale of cocoa powder, cocoa butter, cocoa liquor and cocoa cake.

Information regarding each reportable business segment is shown below:

**Revenue**

*In thousands of naira*

	<u>2017</u>	<u>2016</u>
Refreshment Beverages	18,193,695	16,547,499
Confectionary	10,254,628	10,105,783
Intermediate cocoa products	4,631,122	3,326,128
	<u><u>33,079,446</u></u>	<u><u>29,979,410</u></u>

**Depreciation, amortisation and Impairment**

*In thousands of naira*

	<u>2017</u>	<u>2016</u>
Refreshment Beverages	834,456	821,314
Confectionary	470,330	501,588
Intermediate cocoa products	212,407	165,088
	<u><u>1,517,193</u></u>	<u><u>1,487,990</u></u>

Notes to the financial statements (Continued)

<b>Net Finance (cost)/income</b>		
<i>In thousands of naira</i>	<b>2017</b>	<b>2016</b>
Refreshment Beverages	(199,144)	93,490
Confectionary	(110,571)	57,794
Intermediate cocoa products	(51,333)	18,698
	<b>(361,048)</b>	<b>169,982</b>
<b>Profit/(loss) before taxation</b>		
<i>In thousands of naira</i>	<b>2017</b>	<b>2016</b>
Refreshment Beverages	192,673	(309,579)
Confectionary	105,331	(191,376)
Intermediate cocoa products	52,313	(61,916)
<b>Total per profit/(loss) account</b>	<b>350,317</b>	<b>(562,871)</b>

Assets & liabilities by reportable segments are not presented to the Chief Operating Decision Maker (the Board of Directors). Consequently, information on segment assets & liabilities has not been presented.

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.

All the Company's assets are located in Nigeria.

(ii) **Geographical segments**

The Company has two reportable geographical segments summarised as follows:

<b>Segment</b>	<b>Description</b>
Domestic sales	This comprises sales within Nigeria.
Export sales	This comprises sales to countries outside of Nigeria mainly in Africa and Europe

Information regarding the operations of each reportable geographical segment is shown below:

<i>In thousands of naira</i>	<b>2017</b>	<b>2016</b>
Domestic sales	29,386,032	27,365,832
Export sales	3,693,414	2,613,578
	<b>33,079,446</b>	<b>29,979,410</b>

**30 Comparative figures**

To ensure consistency, certain prior year comparative amounts have been reclassified to conform with the current year presentation format.

**31 Events after the reporting date**

There are no significant subsequent events, which could have had a material effect on the Company's financial position as at 31 December 2017 and its operating results as at that date, that have not been adequately provided for or disclosed in the financial statements.

**Other national disclosures**

**Value added statement**  
**for the year ended 31 December 2017**  
*In thousands of naira*

	<u>2017</u>	%	<u>2016</u>	%
Revenue	33,079,446		29,979,410	
Interest income	186,915		187,780	
Other income	99,337		76,434	
Brought-in-materials and services				
-Local	(23,755,485)		(20,438,565)	
-Imported	(3,178,142)		(3,161,748)	
<b>Value added</b>	<b><u>6,431,980</u></b>	<b><u>100</u></b>	<b><u>6,643,311</u></b>	<b><u>100</u></b>
Applied as follows:				
Employees as salaries, wages and other staff costs	5,037,721	78	5,700,394	86
Providers of capital as interest on borrowings	(547,963)	(9)	17,798	-
Government as taxes	50,318	1	(266,468)	(4)
Retained in the business as:				
- Depreciation	1,517,193	24	1,415,488	21
- Amortisation	74,804	1	72,502	1
- To augment the reserves	299,998	5	(296,403)	(4)
<b>Value added</b>	<b><u>6,432,071</u></b>	<b><u>100</u></b>	<b><u>6,643,311</u></b>	<b><u>100</u></b>

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.

**Five Year Financial Summary**

<i>In thousands of naira</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Statement of comprehensive income:</b>					
Revenue	33,079,446	29,979,410	27,825,194	30,518,586	35,760,753
Profit/(loss) before income tax	350,317	(562,871)	1,577,412	2,385,891	8,278,526
Income tax (expense)/credit	(50,319)	266,468	(424,117)	(248,572)	(1,672,514)
Profit/(loss) for the year	299,998	(296,403)	1,153,295	2,137,319	6,606,013
Profit/(loss) for the year	<u>299,998</u>	<u>(296,403)</u>	<u>1,153,295</u>	<u>2,503,661</u>	<u>6,081,645</u>
<b>Statement of financial position:</b>					
Non-current assets	14,182,759	14,584,876	15,672,021	16,474,990	16,941,156
Current assets	<u>14,240,363</u>	<u>13,824,124</u>	<u>12,744,984</u>	<u>12,336,296</u>	<u>26,231,468</u>
	<u><b>28,423,122</b></u>	<u><b>28,409,000</b></u>	<u><b>28,417,005</b></u>	<u><b>28,811,286</b></u>	<u><b>43,172,624</b></u>
<b>Funds employed:</b>					
Share Capital	939,101	939,101	939,101	939,101	1,565,187
Share premium	272,344	272,344	272,344	272,344	11,543,821
Other reserves	3,436,348	3,436,348	3,436,348	3,436,348	3,436,348
Share based payment reserve	49,698	42,634	30,266	42,492	35,201
Retained earnings	<u>7,045,300</u>	<u>6,366,306</u>	<u>7,607,238</u>	<u>8,059,166</u>	<u>7,997,167</u>
	<u><b>11,742,791</b></u>	<u><b>11,056,733</b></u>	<u><b>12,285,297</b></u>	<u><b>12,749,451</b></u>	<u><b>24,577,724</b></u>
<b>Shareholders' fund</b>					
Current liabilities	12,529,586	12,836,328	11,651,634	12,302,105	13,546,873
Non-current liabilities	<u>4,150,745</u>	<u>4,515,939</u>	<u>4,480,074</u>	<u>3,759,730</u>	<u>5,048,027</u>
	<u><b>28,423,122</b></u>	<u><b>28,409,000</b></u>	<u><b>28,417,005</b></u>	<u><b>28,811,286</b></u>	<u><b>43,172,624</b></u>
<b>Per share data:</b>					
Basic earnings/(loss) per share	<u><b>16</b></u>	<u><b>(16)</b></u>	<u><b>61</b></u>	<u><b>106</b></u>	<u><b>211</b></u>

**Cadbury's Distributors**

- A.D.Basharu & Sons Nig. Ltd.
- Ajoke Stores Ltd.
- Alh Garba Dankane Jega Nig Ltd.
- Al-Yuhadhash Nig. Ltd
- Arinola Precious Ventures
- Asko Kem Global Limited
- Aye Tonis Stores
- Basnek Investment Nigeria Ltd
- Basrose Stores Ltd.
- BG Usman Limited
- Bukos Ventures Ltd.
- C.I. Obiaha & Sons Ltd
- C. P Cromwell Nigeria Limited
- CFAO General Imports.
- Chazek Company Nigeria Ltd.
- Covenant Success Supermarket Ltd
- Chysmat Global Ventures Ltd
- De Favour Stores and Confectionarie
- E.H. Okika Nigeria Ltd
- Egap Glory Ventures
- Ernus Ventures Ltd.
- Elijah Miracle Ventures
- F.M. Ige Nig. Ltd
- Fabeto Nig. Ltd.
- Fatarik Business Limited.
- Fishmongers Ltd
- Franco International (West Africa) Limited
- Giz-Tech Enterprises Ltd
- Hamisu Investment Company
- Hammalat Business Ventures.
- Hasbar Investment Nig Ltd
- Igomuna Investments Limited
- Iya Eskay Nig Ltd
- JJ Nnoli& Sons Limited
- J.O. Adebisi & Sons Nig. Ltd.
- Joke Agnes Enterprises
- Jives Nigeria Limited
- King Arinze Enterprises
- Lawzion Merchandise Ent.
- M. Elejire & Sons Nig. Ltd.
- Maybat Intergrated Network Nig. Ltd.
- MOFAD Ltd.
- Mosadosu Nigeria Ltd.
- Nasiru Tukur Faru Enterprises Nig. Ltd.
- Nna-Nna & Sons Nig. Ltd.
- Nnaji Trading Stores
- Nze Sam and Associates Trading Company Nigeria Ltd
- Obeuch Emehige Nig Enter.
- Olayiwola Stores
- Providence Court Integrated
- Roswill Enterprises Nigeria
- Rukbom Oluwakemi Nigeria Limited
- S.C. Okafor Nigeria Limited.
- Seacoast Nigeria Ltd
- Sidi and Sons Limited
- Sunky Supermarket Limited
- Taiken Ventures Ltd.
- The Lord Doing Global Concept
- Tijenny Global Resources Ltd.
- Tinbash International Limited
- Tinuola Stores Ltd.