

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements

For the year ended 31 December 2020

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements

For the year ended 31 December 2020

Corporate Information

Country of incorporation and domicile **Nigeria**

Directors	Mr. Nikolaos Mamoulis (Greek)	Chairman
	Mr. Darren Bennett-Voci (British)	Managing Director
	Mr. Haralambos G. David (Cypriot)	Director
	Mr. Dhanikonda Shanker (Indian)	Director

Company Secretary **Bola Adebisi (Ms)**

Registered Office **Iddo House, Iddo, P. O. Box 159, Lagos, Nigeria**

Legal Adviser **Chris Ogunbanjo LP**
3, Hospital Road,
Lagos Island, Lagos, Nigeria

Auditors **PricewaterhouseCoopers, Chartered Accountants**
Landmark Towers, 5B Water Corporation Road,
Victoria Island, Lagos, Nigeria

Principal Bankers **Stanbic IBTC Bank Plc**
First City Monument Bank Plc
Zenith Bank Plc
Citibank Nigeria Limited

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements For the year ended 31 December 2020

Report of the directors

The Directors present to members of the company, the annual report together with the audited financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is the manufacture and sale of crown corks and plastic products. The Company is also involved in the manufacturing and sales of glassware through its group activities.

Results for the year

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Revenue from contracts with customers	36,579,432	39,205,065	10,942,422	9,792,813
Profit before income tax	11,682,858	11,535,110	7,084,944	3,924,785
Profit for the year	7,823,581	7,828,729	4,873,591	2,650,718

Appropriation of profit after taxation

The Directors did not recommend payment of dividend for the year ended 31 December 2020. (31 December 2019: A dividend of N6.83k per ordinary share amounting to N2.99 billion was proposed in 2020 out of retained earnings from profit of 2014,2015 and 2016 financial years).

Directors

The names of the Directors who held office during the year under review and at the date of this report are as follows:

Mr. Nikolaos Mamoulis (Greek)	- Chairman
Mr. Darren Bennett-Voci (British)	- Managing Director
Mr. Haralambos (Harry) G David (Cypriot)	
Mr. Shanker Venkada Dhanikonda (Indian)	

The Directors retiring by rotation in accordance with the Articles of Association are **Messrs. Darren Bennett-Voci** and **Mr. Haralambos (Harry) G. David**. They being eligible, offer themselves for re-election.

In accordance with Section 284 (2) of the Companies and Allied Matters Act, 2020, the records of Directors' attendance at board meetings during the year will be available for inspection at the Annual General Meeting.

Directors' interests in:

- Shares of the Company:** According to the register kept for the purposes of Section 301 of the Companies and Allied Matters Act, 2020, none of the directors held any shares in the issued share capital of the Company as at 1 January 2020 and 31 December 2020.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements For the year ended 31 December 2020

Report of the directors (continued)

- b) **Shares of the Subsidiary Company:** The table below shows the interests of the directors in the issued share capital of Beta Glass Plc:

	Number of shares as at	
	31 December 2020	1 January 2020
Mr. Nikolaos Mamoulis (Greek)	-	-
Mr. Darren Bennett-Voci (British)	-	-
Mr. Haralambos (Harry) G David (Cypriot)	25,437	25,437
Mr. Shanker Venkada Dhanikonda (Indian)	-	-

Contracts

None of the directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020, of any disclosable interests in contracts involving the Company either as at 31 December 2020 or the date of this report.

Shareholding

According to the register of members at 31 December 2020, the following shareholders of the company held more than 10% of the issued share capital of the company:

Shareholder	Number of shares	Percentage held
	Units	%
Frigoinvest Holdings B.V Netherlands	332,373,932	76.03
Nigerian Bottling Company Limited	104,491,862	23.90

Distribution of Company's products

The Company's products are manufactured mainly to customers' specifications. Hence, distributors are not involved in the company's value chain.

Acquisition of own shares

The Company did not acquire its own shares during the year under review.

Property, plant and equipment

In the opinion of the directors, the market value of the Company's property, plant and equipment is not less than the value disclosed in the financial statements.

Employment and employee matters:

Employment of disabled persons

It is the Company's policy not to discriminate against disabled persons hence, full and fair consideration is given to applications received from them having regard to each applicant's particular aptitudes and abilities.

Health, safety and welfare of employees

Free medical treatment is given to all employees in well-equipped and professionally manned in-house clinics, which exists in the Company's and its subsidiary's operational locations. Cases requiring more intensive

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements For the year ended 31 December 2020

Report of the directors (continued)

Employment and employee matters (continued)

Health, safety and welfare of employees

medical care are referred to the nearest reputable hospitals whose services is retained by the Company. Where, necessary, protective clothing and devices are provided for employees.

Free meals of high nutritional value are served at the Company's canteens, whilst transportation facilities to and from employees places of work is provided by the Company.

Retirement benefit scheme is operated for all qualified employees of the Company in accordance with the Pensions Reform Act, 2004 as amended.

Employees' involvement and training

In keeping with the Company's policy, which enhances industrial peace and harmony, employees are consulted and involved in decisions that affect their current jobs or future prospects. Also Training opportunities are provided both locally and abroad.

Auditors

Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office as auditors of the Company in accordance with Section 401 (2) of the Companies and Allied Matters Act, 2020.

By order of the Board



Eola Adebisi (Ms)
Company Secretary

Iddo House, Iddo, Lagos

Dated: 22 March 2021

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements For the year ended 31 December 2020

Statement of Corporate Responsibility for the Financial Statements

In line with the provision of section 405 of the Company and Allied Matters Act (CAMA) 2020, hereby certify that:

- a) We, the undersigned, have reviewed the annual report, consolidated audited financial statements of Frigoglass Industries Nigeria Limited and its subsidiary (the Group) and other national disclosures for the year ended 31 December 2020.

Based on our knowledge as officers of the Company, the annual report, consolidated audited financial statements and other national disclosures do not contain:

- i. any untrue statement of a material fact, or
 - ii. omit to state a material fact, which would make the statement misleading in the light of the circumstances under which the statement was made.
- b) Based on our knowledge, the annual report and consolidated audited financial statements and other financial information fairly represent in all material respect, the financial conditions and results of operations of the Group as of, and for the period presented.
- c) We, the undersigned:
- i. are responsible for establishing and maintaining controls;
 - ii. have designed such internal controls to ensure that material information relating to the Group is made known to us by others within the Group particularly during the period in which the periodic reports are being prepared;
 - iii. have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report.;
 - iv. have presented in the report our conclusions about the effectiveness of the internal controls based on the evaluation as of that date;
- d) We have disclosed to the external auditors:
- i. all significant deficiencies in the design or operation of the internal controls which would adversely affect the Group's ability to record, process, summarize and report financial data and have identified for the External Auditors any material weakness in internal controls, and
 - ii. any fraud, whether or not material, that involves management or other employees who have significant role in the Group's internal controls.
- e) We have identified in the report whether or not there were significant changes in internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weakness.



Mr. Darren Bennett-Voci
Managing Director
22 March 2021
FRC/2016/IODN/00000015783



Mr. Dhanikonda Shanker
Chief Financial Officer
22 March 2021
FRC/2013/ANAN/00000002336

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements For the year ended 31 December 2020

Statement of directors' responsibilities

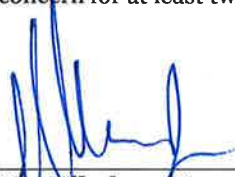
The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss. This responsibility include:

- 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 misstatement, 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.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.



Mr. Nikolaos Mamoulis
Chairman
22 March 2021



Mr. Darren Bennett-Voci
Managing Director
22 March 2021



Independent auditor's report

To the Members of Frigoglass Industries (Nigeria) Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Frigoglass Industries (Nigeria) Limited ("the company") and its subsidiaries (together "the group") as at 31 December 2020, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with the 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

Frigoglass Industries (Nigeria) Limited's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2020;
- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated statements of changes in equity - Group for the year then ended;
- the statements of changes in equity - Company for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate audited 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 consolidated and separate 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

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 the Corporate Information, Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' Responsibilities, Statement of Value Added and Five-Year Financial Summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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



- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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

Report on other legal and regulatory requirements

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 and returns.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/00000001143



30 April 2021

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements For the year ended 31 December 2020

Consolidated and separate statements of profit or loss and other comprehensive income

	Note	Group		Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		N'000	N'000	N'000	N'000
Revenue from contracts with customers	5	36,579,432	39,205,065	10,942,422	9,792,813
Cost of sales	6	(28,761,563)	(29,028,146)	(9,028,536)	(7,426,892)
Gross profit		7,817,869	10,176,919	1,913,886	2,365,921
Administrative expenses	6	(2,499,423)	(2,323,878)	(841,383)	(931,061)
Selling and distribution expenses	6	(262,605)	(114,848)	(60,351)	(18,193)
Net impairment gain / (loss)	17.3	17,436	(19,017)	-	(234)
Other income	8	563,030	859,291	645,386	576,690
Operating profit		5,636,307	8,578,467	1,657,538	1,993,123
Net foreign exchange gain	9	4,644,607	770,645	4,359,112	614,735
Finance income	10	2,383,553	2,601,315	2,311,928	2,299,696
Finance cost	10	(981,609)	(415,316)	(1,243,634)	(982,769)
Finance income - net	10	1,401,944	2,185,999	1,068,294	1,316,927
Profit before income tax		11,682,858	11,535,110	7,084,944	3,924,785
Income tax expense	11	(3,859,277)	(3,706,381)	(2,211,353)	(1,274,067)
Profit for the year		7,823,581	7,828,729	4,873,591	2,650,718
Other comprehensive income for the year-net of tax		-	-	-	-
Total comprehensive income for the year		7,823,581	7,828,729	4,873,591	2,650,718
Total comprehensive income attributable to:					
– Owners of the parent		6,502,087	5,701,549	4,873,591	2,650,718
– Non-controlling interests		1,321,494	2,127,180	-	-
		7,823,581	7,828,729	4,873,591	2,650,718
Earnings per share for profit attributable to the equity holders of the company					
Basic and diluted EPS (Naira)	12	17.90	17.91	11.15	6.06

The notes on pages 15 to 53 are an integral part of these financial statements.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

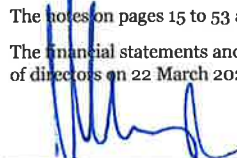
**Annual report and consolidated financial statements
For the year ended 31 December 2020**


**Consolidated and separate statements of financial position
As at 31 December 2020**

	Note	Group		Company	
		31 December 2020 N'000	31 December 2019 N'000	31 December 2020 N'000	31 December 2019 N'000
Assets					
Non-current assets					
Property, plant and equipment	15	24,454,449	24,093,586	2,346,054	2,523,764
Right-of-use asset	15.1	87,070	101,743	48,142	72,213
Investments in subsidiary	13	-	-	1,786,130	1,786,130
Intangible assets	14	31,196	36,336	14,216	13,908
Total non-current assets		24,572,715	24,231,665	4,194,542	4,396,015
Current assets					
Inventories	16	9,479,690	9,745,693	2,025,460	3,200,845
Trade and other receivables	17	38,012,899	32,065,108	28,834,028	22,314,048
Cash in hand and at bank	18	13,264,477	12,474,177	1,666,223	2,290,433
Total current assets		60,757,066	54,284,978	32,525,711	27,805,326
Total assets		85,329,781	78,516,643	36,720,253	32,201,341
Liabilities					
Non-current liabilities					
Lease liabilities	22	30,134	93,156	30,134	93,156
Deferred tax liabilities	23 a	6,440,862	5,443,013	4,479,246	2,953,303
Total non-current liabilities		6,470,996	5,536,169	4,509,380	3,046,459
Current liabilities					
Lease liabilities	22	100,933	22,385	100,933	22,385
Borrowings	21	5,178,980	3,042,184	1,058,085	74,731
Trade and other payables	19	11,071,973	11,947,368	6,386,061	6,796,835
Current income tax liabilities	20	3,233,071	3,214,068	846,373	329,149
Total current liabilities		19,584,957	18,226,005	8,391,452	7,223,100
Total liabilities		26,055,953	23,762,174	12,900,832	10,269,559
Equity					
Ordinary share capital	23b	218,591	218,591	218,591	218,591
Share premium		16,330	16,330	16,330	16,330
Other reserves		2,429,942	2,429,942	-	-
Retained earnings		42,444,578	38,928,443	23,584,500	21,696,861
		45,109,441	41,593,306	23,819,421	21,931,782
Non controlling interest		14,164,387	13,161,163	-	-
Total equity		59,273,828	54,754,469	23,819,421	21,931,782
Total equity and liabilities		85,329,781	78,516,643	36,720,253	32,201,341

The notes on pages 15 to 53 are an integral part of these financial statements.

The financial statements and other national disclosures on pages 10 to 57 were approved and authorised for issue by the board of directors on 22 March 2021 and were signed on its behalf by:


Mr. Nikolaos Mamoulis
Chairman


Mr. Darren Bennett-Voci
Managing Director

FRC/2016/IODN/00000015783


Mr. Dlanikonda Zhanke
Chief Financial Officer
FRC/2013/ANAN/0000002336

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

**Annual report and consolidated financial statements
For the year ended 31 December 2020**

Consolidated statement of changes in equity- Group

	Attributable to owners of the parent						Total equity N'000
	Share capital N'000	Share premium N'000	Other reserves N'000	Retained earnings N'000	Total N'000	Non controlling interest N'000	
Balance at 1 January 2019	218,591	16,330	2,429,942	34,567,630	37,232,493	11,281,673	48,514,166
Profit for the year	-	-	-	5,701,549	5,701,549	2,127,180	7,828,729
Total comprehensive income for the year	-	-	-	5,701,549	5,701,549	2,127,180	7,828,729
Transaction with owners:							
Dividend declared	-	-	-	-	-	(247,755)	(247,755)
Statute barred dividend written back				107	107	65	172
Re-organisational loss (Note 2.2 d)				(1,340,843)	(1,340,843)	-	(1,340,843)
Total transactions with owners	-	-	-	(1,340,736)	(1,340,736)	(247,690)	(1,588,426)
Balance at 31 December 2019	218,591	16,330	2,429,942	38,928,443	41,593,306	13,161,163	54,754,469
Balance at 1 January 2020	218,591	16,330	2,429,942	38,928,443	41,593,306	13,161,163	54,754,469
Profit for the year	-	-	-	6,502,087	6,502,087	1,321,494	7,823,581
Total comprehensive income for the year	-	-	-	6,502,087	6,502,087	1,321,494	7,823,581
Transaction with owners:							
Dividend declared	-	-	-	(2,985,952)	(2,985,952)	(318,270)	(3,304,222)
Total transactions with owners	-	-	-	(2,985,952)	(2,985,952)	(318,270)	(3,304,222)
Balance at 31 December 2020	218,591	16,330	2,429,942	42,444,578	45,109,441	14,164,387	59,273,828

The notes on pages 15 to 53 are an integral part of these financial statements.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED**Annual report and consolidated financial statements
For the year ended 31 December 2020****Statement of changes in equity- Company**

	<u>Attributable to owners of the parent</u>			
	<u>Share capital N'000</u>	<u>Share premium N'000</u>	<u>Retained earnings N'000</u>	<u>Total N'000</u>
Balance at 1 January 2019	218,591	16,330	20,386,986	20,621,907
Profit for the year	-	-	2,650,718	2,650,718
Total comprehensive income for the year	-	-	2,650,718	2,650,718
Transaction with owners:				
Re-organisational loss (Note 2.2 d)	-	-	(1,340,843)	(1,340,843)
Total transactions with owners	-	-	(1,340,843)	(1,340,843)
Balance at 31 December 2019	<u>218,591</u>	<u>16,330</u>	<u>21,696,861</u>	<u>21,931,782</u>
Balance at 1 January 2020	218,591	16,330	21,696,861	21,931,782
Profit for the year	-	-	4,873,591	4,873,591
Total comprehensive income for the year	-	-	4,873,591	4,873,591
Transaction with Owners:				
Dividend declared			(2,985,952)	(2,985,952)
Total transactions with owners	-	-	(2,985,952)	(2,985,952)
Balance at 31 December 2020	<u>218,591</u>	<u>16,330</u>	<u>23,584,500</u>	<u>23,819,421</u>

The notes on pages 15 to 53 are an integral part of these financial statements.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statements For the year ended 31 December 2020

Consolidated and separate statements of cash flows

	Note	Group		Company	
		31 December 2020 N'000	31 December 2019 N'000	31 December 2020 N'000	31 December 2019 N'000
Cash generated from / (used in) operations	24	5,860,620	5,246,598	5,270	(507,264)
Tax paid	20	(2,433,428)	(1,603,142)	(66,687)	(852,574)
Net cash generated from / (used in) operating activities		3,427,191	3,643,457	(61,417)	(1,359,838)
Cash flows (used in) / from investing activities					
Purchase of property, plant and equipment	15	(3,377,080)	(7,297,130)	(298,365)	(681,919)
Purchase of right-of-use asset	15.1	(147,192)	(106,269)	-	-
Purchase of intangible asset	14	(5,913)	(30,318)	(5,913)	(9,769)
Proceeds from sale of property, plant and equipment	24	149,736	118,134	16,009	2,401
Interest received	10	2,383,553	2,601,315	2,311,928	2,299,696
Net cash (used in)/generated from investing activities		(996,896)	(4,714,268)	2,023,659	1,610,409
Cash flows (used in) / from financing activities					
Proceeds from short term borrowings	21	5,178,980	3,042,184	1,058,085	74,731
Repayment of short term borrowing	21	(3,042,184)	(1,624,630)	(74,731)	(526,045)
Interest paid (i.e. finance cost less interest on lease liabilities)	10	(966,083)	(396,059)	(1,228,108)	(963,512)
Dividend paid		(3,304,222)	(247,755)	(2,341,698)	-
Unclaimed dividend returned		32,443	31,190	-	-
Net cash generated (used in) / from financing activities		(2,101,066)	804,930	(2,586,452)	(1,414,826)
Net increase / (decrease) in cash and cash equivalents		329,229	(265,881)	(624,210)	(1,164,255)
Effect of exchange rate changes on cash and cash equivalents		461,069	389,990	-	(22,582)
Cash and cash equivalents at 1 January		12,474,177	10,121,137	2,290,433	1,248,339
Cash transferred from related party	2.2 d	-	2,228,931	-	2,228,931
Cash and cash equivalents at 31 December	18	13,264,477	12,474,177	1,666,223	2,290,433

Cash transferred from related party relates to transfer from Frigoglass West Africa Limited

The notes on pages 15 to 53 are an integral part of these financial statements.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements

1 General information

Frigoglass Industries (Nigeria) Limited was incorporated on 21 April 1995 and it is engaged in the manufacturing of crown corks, plastic crates and commercial refrigeration products. The Company and its subsidiary - Beta Glass Plc are together referred to as "The Group".

2 Summary of significant accounting policies

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

The financial statements are presented in Naira, which is the Group's presentation currency. The figures shown in the financial statements are stated in thousands of Naira except where stated otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements were authorised for issue by the Board of Directors on 22 of March, 2021.

The financial statements have been prepared using a rounding level of N1000.

2.1.1 Going concern

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention.

2.1.2 Changes in accounting policy and disclosure

(a) New standards, amendments and interpretations adopted by the Group for the first time

The following standards became effective for the first time from the financial year beginning on or after 1 January 2020. The nature and effect of changes as a result of adoption of these new standards are described below:

Several other amendments and interpretations issued and effective for the first time in 2020, but they do not have an impact on the group's financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Amendments to IFRS 3: *Definition of a Business*

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statement For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements (continued)

2.1.2 Changes in accounting policy and disclosure (continued)

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

(b) New standards, amendments, and interpretations issued but not yet adopted by the group

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Group.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statement For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements (continued)

2.1.2 Changes in accounting policy and disclosure (continued)

(b) New standards, amendments, and interpretations issued but not yet adopted by the group - (continued)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and beyond, and have not been applied in preparing this financial statements. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
 - A simplified approach (the premium allocation approach) mainly for short-duration contracts
- IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statement

For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements (continued)

2.1.2 Changes in accounting policy and disclosure (continued)

New standards, amendments, and interpretations issued but not yet adopted by the group - (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Interest rate benchmark reform- phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

IAS 23 Borrowing Costs:

On 27 August 2020, the IASB published Interest rate benchmark reform- phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. This is effective for annual periods beginning 1 January 2021.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include a practical expedient to require contractual changes or changes to cash flows that are directly required by the reform to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument with any modification gain or loss recognised in profit or loss.

The Group does not have any financial instruments linked to IBOR at 31 December 2020 and therefore the impact is not expected to be material. Management will continue to assess the impact going-forward.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments is not expected to have any impact on the Group

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statement

For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements (continued)

2.1.2 Changes in accounting policy and disclosure (continued)

New standards, amendments, and interpretations issued but not yet adopted by the group - (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment would not have any impact on the Group

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting period and on foreseeable future transactions.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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Notes to the consolidated and separate audited financial statements (continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date in which control is transferred to the group. They are deconsolidated from the date that control ceases. Investments in subsidiaries are recognised at cost less impairment.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Merger of Frigoglass West Africa Limited through external restructuring

On 6th December 2019, Frigoglass West Africa Limited (FWAL) a company with same ownership as Frigoglass Industries (Nigeria) Limited (FINL) merged through external restructuring that resulted in combination of (FWAL) with (FINL). FWAL ceased to exist from the date of merger. The assets and liabilities of FWAL were merged with FINL using the book value as at that date. The business combination has been accounted for as a common control transaction where FINL (the acquirer) has applied predecessor accounting as basis in recognising the asset acquired and liabilities assumed of FWAL. There is no purchase consideration and net liabilities has been accounted in retained earnings.

In line with common control transactions accounted for using predecessor accounting method, FINL chose to incorporate results from operation of FWAL prospectively from the date of integration. On integration date of 6th December 2019, the net liabilities of FWAL assumed by FINL are as follows:

Assets Acquired:	N'000
Property, plant and equipment (net book value)	258,862
Deferred tax asset	1,027,337
Intangible assets	5,041

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Annual report and consolidated financial statement

For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements (continued)

2.2 Consolidation

(d) Merger through external restructuring (continued)

Asset acquired (continued)

Inventories	1,574,029
Trade and other receivables	1,279,511
Cash in hand and at bank	2,228,931

Assets

6,373,711

Trade and other payables

7,714,554

Liabilities

7,714,554

Net Liabilities assumed

(1,340,843)

Purchase consideration

-

Re-organisational loss

(1,340,843)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of the Group is the Nigerian naira (N).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the foreign exchange gain in profit or loss.

2.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings 3%

Plant and machinery:

- Furnaces 14%
- Factory equipment and tools 15%
- Quarry equipment and machinery 20%
- Glass molds 50%
- Other plant and machinery 10%

Motor vehicles 20%

Furniture, Fittings and equipment:

- Office and house equipment 15%
- Household furniture and fittings 20%
- Computer equipment 25%

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

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Notes to the consolidated and separate audited financial statements (continued)

Property, plant and equipment - (continued)

Impairment of Property, Plant and Equipment

In the case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by the difference between the sales proceeds and the carrying amount of the asset. These gains and losses are included in profit or loss.

Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale. There have been no qualifying assets in both periods presented in the financial statements.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Intangible assets:

Computer software

Capitalized software licenses are acquired and carried at acquisition cost less accumulated amortization, less any accumulated impairment. They are amortized using the straight-line method over five (5) years. Computer software maintenance costs are recognized as expenses in the profit or loss as incurred.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Financial Instruments:

2.7.1 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7.2 Financial assets

Initial recognition, classification and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified at initial recognition as, amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Annual report and consolidated financial statement

For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements (continued)

2.7.2 Financial assets (continued)

2.7.3 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a. Financial assets at amortised cost (debt instruments)
- b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- c. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d. Financial assets at fair value through profit or loss

The Group's financial assets includes financial assets at amortised cost.

2.7.4 Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, staff advances and receivables from related parties.

The Group did not own any financial assets that can be classified as fair value through profit or loss or held for trading financial assets during the periods presented in these financial statements.

2.7.5 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- (a) The rights to receive cash flows from the asset have expired OR
- (b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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For the year ended 31 December 2020

Notes to the consolidated and separate audited financial statements (continued)

2.7.2 Financial assets (continued)

2.7.6 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

2.7.7 Offsetting financial instruments

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

2.7.8 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment for trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Trade receivable is impaired using a provision matrix to calculate Expected Credit Loss (ECL). The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss

The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. The recoverable amount, if the receivable is more than one year is equal to the present value of expected cash flows, discounted at the market rate of interest applicable to similar borrowers. The amount of the provision is recognized as an expense in profit or loss.

Subsequent recoveries of amounts previously written off are credited to profit or loss.

2.7.9 Cash and cash equivalents

Cash and cash equivalent include cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

2.7.10 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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Notes to the consolidated and separate audited financial statements (continued)

2.7.10 Impairment of financial assets (continued)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss but must not exceed the initially recognised impairment loss.

2.8 Financial liabilities

Financial liabilities are at amortized cost. These include trade and other payables and borrowings.

Recognition and measurement

2.8.1 Trade payables

These are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

2.8.2 Borrowings

These are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

2.8.3 Derecognition of financial instruments

Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments or settle obligations have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.8.4 Offsetting financial instruments

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

2.9 Inventories

Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition.

The cost of engineering spares and raw materials is determined using the weighted average method.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

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Notes to the consolidated and separate audited financial statements (continued)

2.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 1- 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets (Note 2.6).

ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term lease for some warehouses and guest house (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company has a guest house leased to accommodate its workers at a proximate location to its plant, which it categorised as short-term leases asset. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

iii) Lease liabilities

At the commencement date of the lease, the Company does not have any lease liabilities measured at the present value of lease payments to be made over the lease term. The lease agreement does not contain/ include any exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease.

(b) Group or Company is the lessor

(i) Operating lease

When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term.

Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

(ii) Finance lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

2.11 Current and deferred income tax

The tax for the period comprises current, education and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

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Notes to the consolidated and separate audited financial statements (continued)

2.11 Current and deferred income tax (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.12 Employee benefits

The company operates defined contribution pension plans for its employees.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.13 Export expansion grant

Export expansion grants (EEG) from the government are recognized at fair value when there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions.

EEG are recognized in the profit or loss over the period corresponding to the costs they are intended to compensate.

The following conditions must be met by the company in order to receive the EEG:

- The Company must be registered with The Nigerian Export promotion Council (NEPC)
- The Company must have a minimum annual export turnover of N5 million and evidence of repatriation of proceeds of exports.
- The Company shall submit its baseline data which includes audited Financial Statement and information on operational capacity to NEPC.
- An eligible company shall be a manufacturer, producer or merchant of products of Nigerian origin for the export market (i.e. the products must be made in Nigeria).
- Qualifying export transaction must have the proceeds fully repatriated within 300 days, calculated from the date of export and as approved by the EEG Implementation Committee.

2.14 Revenue from Contract with customers

The Group is in the business of manufacturing and sales of glassware, glass bottles, plastic crates and crown cork for soft drink, breweries, pharmaceutical, cosmetic and food products etc.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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Notes to the consolidated and separate audited financial statements (continued)

2.14 Revenue from Contract with customers - (continued)

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods supplied stated net of discounts, returns and value added taxes. Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has identified a sales contract with a customer;
- the performance obligations within this contract has been identified
- the transactions price has been determined;
- this transaction price has been allocated to the performance obligations in the contract; and
- revenue is recognised as or when each performance obligation is satisfied

The sale of bottles, plastic crates and crown corks are based on Ex-works prices agreed with the customers. Haulage services are provided to the Customers through third party service providers as an option. The sale of bottles, plastic crates and crown corks are distinct from haulage services for delivery of bottles and have no bearing on each other, and are negotiated separately. Further, the consideration to be paid in one contract does not depend on the price or performance of other contract. Goods or services promised in the separate contracts are not a single performance obligation. There are no other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

The Group performs an obligation once the products or goods are transferred to the customer, that is ownership, legal title, physical possession, significant control related to the products has been transferred to the customer and the customer has accepted the products.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of bottles, plastic crates and crown corks, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The consideration to be received is stated in the contract i.e invoice as the contract price which is agreed, accepted and signed by the customer. Revenue comprises the fair value for sales of goods and services net of value-added tax, rebates and discounts. Rebates constitutes a variable consideration and are allocated to a single performance obligation affected.

The transaction price as stated in the invoice relates to the performance of obligation by the entity when the goods have been delivered to the customers.

Revenue from the sales of goods is recognised when the significant ownership and controls of the goods are transferred to the buyer. Where goods are picked up by customers, risk is transferred immediately. Where goods are delivered, revenue is recognised when order by the customer is delivered to the customers with the evidence of the delivery note acknowledged/signed by the customers.

Variable consideration

Rebates constitute a variable consideration and are allocated to a single performance obligation affected.

Significant financing component

For all sales transactions, the receipt of the consideration by the Group does not match the timing of the delivery of bottles, plastic crates and crown corks to the customer (e.g., the consideration is paid after the sales item has been delivered). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Consideration payable to a customer: No consideration is payable to customer in respect of sales of glass bottles, plastic crates and crown corks.

Contract assets: No contract asset as all sales are unconditional.

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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Notes to the consolidated and separate audited financial statements (continued)

2.14 Revenue from Contract with customers - (continued)

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest income and expense

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.15 Cost of sales

Cost of sales includes the cost of manufacturing finished goods inventory (including depreciation, amortization and impairment charges), costs related to transportation, impairment and inventory write-downs.

2.16 Share capital

The Group and Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

2.18 Statement of cash flows

The Statement of cash flows shows the changes in cash and cash equivalents during the period arising from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The cash flows from investing and financing activities are determined by using the direct method. The Company's assignment of the cash flows to operating, investing and financing category depends on the Company's business model (management approach).

2.19 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.20 Provisions

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

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3 Financial instruments and risk management

3.1 Financial risk factors

The Group's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. The objective of the Group's risk management programme is to minimise potential adverse impacts on the Group's financial performance.

Risk management is carried out in line with policies approved by the board of directors. The board provides written principles for overall risk management, as well as set the overall risk appetite for the Group. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is the responsibility of the Treasury Manager, which aims to effectively manage the financial risk of Frigoglass Industries (Nigeria) Limited, according to the policies approved by the Board of Directors. The Treasury Manager identifies and monitors financial risk. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange, interest rates and credit risks, use of financial instruments and investment of excess liquidity.

The Group's financial instruments consist of trade and other receivables and trade and other payables, bank borrowings and overdraft and cash and cash equivalents. In addition, the Company has loan to subsidiary.

3.1.1 Market risk

Market risk is the risk that movements in market rates, including foreign exchange rates, and commodity prices will reduce the Group's income. The management of market risk is undertaken using risk limits approved by the operating unit finance directors under delegated authority.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risks from some of its commercial transactions and recognised assets. The Group buys and imports some of the raw materials used for production, the payments for which are made in US Dollars. Receipts for sales of finished goods in Nigeria are in Naira whilst receipts for sales of finished goods to other countries are in US dollars. The Group makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US dollar.

Management's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions.

Sensitivity analysis for foreign exchange rate risk

The sensitivity analysis for foreign exchange rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates at the reporting date. The variable balances that the company is exposed to relate to cash balances.

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Notes to the consolidated and separate audited financial statements (continued)

Foreign exchange risk (continued)

Sensitivity analysis for foreign exchange rate risk (continued)

The Group and Company exposure to US Dollar (USD) is as follows:

	Group		Company	
	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000
Financial assets				
Cash and cash equivalent	12,797	23,384	144	392
Trade receivables	498	2,051	-	-
Related parties	60,702	51,271	60,702	51,271
	<u>73,998</u>	<u>76,706</u>	<u>60,847</u>	<u>51,663</u>
Financial liabilities				
Borrowings	12,631	8,451	2,581	208
Trade payables	2,651	6,904	150	243
Related parties payable	3,122	6,365	2,600	5,048
	<u>18,404</u>	<u>21,719</u>	<u>5,331</u>	<u>5,498</u>
Net amount	<u>55,594</u>	<u>54,988</u>	<u>55,515</u>	<u>46,166</u>

Effects in Naira on the Group and Company result:

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
15 percent strengthening of the Naira to USD	(3,419,014)	(2,969,328)	(3,414,192)	(2,492,940)
15 percent weakening of the Naira to USD	3,419,014	2,969,328	3,414,192	2,492,940
			<u>2020</u>	<u>2019</u>
Reporting date spot rate of 1USD to Naira			410	360

The above analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period but it has no impact on equity. The analysis assumes that all other variables remain constant.

(b) Interest rate risk

The Group interest rate risk arises from borrowings. Borrowings are issued at floating rates exposing the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits.

(c) Price risk

The Group is not exposed to price risk as it does not hold any equity instruments.

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3.1.2 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group uses policies to ensure that sales of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks. At the year end, Frigoglass Industries (Nigeria) Limited considered that there were no material credit risks that had not been covered by doubtful debt provisions.

No credit limits on cash amounts were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

The maximum exposure to credit risk for trade receivables approximates the amount recognized on the statement of financial position. The Group does not hold any collateral as security.

As at 31 December 2020, all financial assets of N46.94bn (31 December 2019: N40.11bn) for the Group and for the Company N29.32bn (31 December 2019: N23.52bn) were fully performing, N1.31bn (31 December 2019: N1.76bn) for the Group and for the Company N0.45bn (31 December 2019: N0.66bn) were past due but not impaired.

The aging analysis of the latter two categories of receivables is as follows:

The table below analyses the Group's financial assets into relevant maturity groupings as at the reporting

31 December 2020 - Group	Neither past due nor impaired N'000	Past due but not impaired			Total N'000
		Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	
Cash and cash equivalents (Note 18)	13,264,477	-	-	-	13,264,477
Trade receivables (Note 17)	4,899,519	761,251	66,596	54,455	5,781,821
Receivables from related parties (Note 17)	27,237,830	381,561	22,468	20,982	27,662,841
Staff advances (Note 17)	227,769	-	-	-	227,769
	45,629,595	1,142,812	89,064	75,437	46,936,908

31 December 2019 - Group	Neither past due nor impaired N'000	Past due but not impaired			Total N'000
		Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	
Cash and cash equivalents (Note 18)	12,474,177	-	-	-	12,474,177
Trade receivables (Note 17)	4,977,232	1,328,798	116,828	7,383	6,430,241
Receivables from related parties (Note 17)	20,681,683	293,219	13,200	158	20,988,260
Staff advances (Note 17)	215,558	-	-	-	215,558
	38,348,650	1,622,017	130,028	7,541	40,108,236

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3.1.2 Credit risk (continued)

31 December 2020 - Company	Neither past due nor impaired N'000	Past due but not impaired			Total N'000
		Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	
Cash and cash equivalents (Note 18)	1,666,223	-	-	-	1,666,223
Trade receivables (Note 17)	857,140	113,497	65,508	11,130	1,047,275
Receivables from related parties (Note 17)	26,300,850	227,209	13,992	20,982	26,563,033
Staff advances (Note 17)	47,595	-	-	-	47,595
	28,871,808	340,706	79,500	32,112	29,324,126

31 December 2019 - Company	Neither past due nor impaired N'000	Past due but not impaired			Total N'000
		Up to 90 days N'000	91 - 150 days N'000	Over 150 days N'000	
Cash and cash equivalents (Note 18)	2,290,433	-	-	-	2,290,433
Trade receivables (Note 17)	814,792	417,235	3,008	-	1,235,035
Receivables from related parties (Note 17)	19,709,295	225,264	9,687	158	19,944,404
Staff advances (Note 17)	45,986	-	-	-	45,986
	22,860,506	642,499	12,695	158	23,515,858

An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

Credit rating	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
AAA	12,946,065	12,067,225	1,457,335	2,056,626
Aa	36,231	6,646	7,497	5,315
B-/stable/B	282,181	400,306	201,391	228,492
	13,264,477	12,474,177	1,666,223	2,290,433

The credit ratings is by Fitch and Augusto rating agencies and below are the interpretations of the ratings

AAA: A financial institution of very good condition and strong capacity to meet its obligations as and when due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a slight increase the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as at when due remain strong.

AA+: A financial institution of good condition and strong capacity to meet its obligations with expectations of very low default risk. It indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. The plus sign indicates that the rating may be raised.

B-/Stable/B : The rating indicates obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its future financial commitments.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED**Annual report and consolidated financial statement****For the year ended 31 December 2020****Notes to the consolidated and separate audited financial statements (continued)****3.1.2 Credit risk (continued)****Neither past due nor impaired***Credit quality of financial assets (Trade receivables, Receivables from related parties and Staff advances)*

The credit quality of financial assets (Trade receivables, Receivables from related parties and Staff advances) that are neither past due nor impaired can be assessed by reference to the internal rating provided by the finance department:

<u>Internal rating categories</u>	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Group A	27,465,599	20,897,241	26,348,445	19,755,281
Group B	4,899,519	4,977,232	857,140	814,792
	32,365,118	25,874,473	27,205,585	20,570,073

Group A These are receivables from related parties and staff advances.
 Group B These are trade receivables.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. The Group manages liquidity risk by effective working capital and cash flow management.

Frigoglass Industries (Nigeria) Limited invests its surplus cash in interest bearing current accounts.

The table below analyses the Group's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2020	N'000	N'000	N'000	N'000
Trade creditors and due to related parties (Note 19)	6,613,253	-	-	6,613,253
	6,613,253	-	-	6,613,253
Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2019	N'000	N'000	N'000	N'000
Trade creditors and due to related parties (Note 19)	8,577,076	-	-	8,577,076
	8,577,076	-	-	8,577,076

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Notes to the consolidated and separate audited financial statements (continued)

3.1.3 Liquidity risk (continued)

Company At 31 December 2020	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Total N'000
Trade creditors and due to related parties (Note 19)	4,592,849			4,592,849
	<u>4,592,849</u>	-	-	<u>4,592,849</u>
Company At 31 December 2019	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Total N'000
Trade creditors and due to related parties (Note 19)	5,277,502	-	-	5,277,502
	<u>5,277,502</u>	-	-	<u>5,277,502</u>

3.1.4. Capital risk management

The objective in managing capital is to safeguard the Group's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

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

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

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000
Total borrowings (Note 21)	5,178,980	3,042,184	1,058,085	74,731
Total equity	59,273,828	54,754,469	23,819,421	21,931,782
Gearing ratio	8.7%	5.6%	4.4%	0.3%

3.1.5. Fair value estimation

Group and Company

The carrying value of all financial assets and financial liabilities is a reasonable approximation of fair value. No further disclosure is required.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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Notes to the consolidated and separate audited financial statements (continued)

4 Critical accounting estimates and judgments

Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on directors experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgments and estimates made in the preparation of the financial statements are shown below.

Property, plant and equipment

Plant and machinery is depreciated over its useful life. Frigoglass Industries (Nigeria) Limited estimates the useful lives of plant and machinery based on the period over which the assets are expected to be available for use. The estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

Export expansion grant and Export credit certificate

Export Expansion Grant (EEG) is a very vital incentive of the Federal Government of Nigeria required for the stimulation of export oriented activities that will lead to significant growth of the non-oil export sector. Having met the eligibility criteria and registered under the scheme by the Nigerian Export Promotion Council (NEPC), the Group is entitled to a rebate on export sales in as much as it can demonstrate that the proceeds of the related sales have been repatriated through approved channels to the country within 300 days of such export sales.

The rebate being a future cashflow is discounted using an estimated discounting rate and is recognised as a credit to cost of sales and as a receivable from the Federal Government of Nigeria (i.e. EEG receivable). As at 31 December 2020, EEG receivable stood at N 1.84 billion and N0.00 billion (31 December 2019: N1.83 billion and N0.07 billion) for Group and Company respectively as disclosed in Note 17.

Negotiable Duty Credit Certificate (NDCC) was the instrument of the Federal Government of Nigeria (FGN) for settlement of EEG receivable. The NDCC was used for the payment of Import and Excise duties in lieu of cash. However, NEPC has stopped issuing NDCC in line with the new guidelines and all our NDCC has been returned for replacement with proposed promissory notes in line with the new guidelines. Export Credit Certificate (ECC) was introduced to replace NDCC effective from 2017 export grants claims. As at 31 December 2020, Unutilized NDCC stood at N 1.02 billion (31 December 2019: N1.02 billion) as disclosed in Note 17.

Though, a significant component of the EEG receivable and unutilized NDCC have been outstanding for more than 1 year, no impairment charge have been recognised because they are regarded as sovereign debts. Moreover, Government have not communicated or indicated unwillingness to honour the obligations. Thus, the outstanding balances are classified as current assets accordingly. FGN through Debt management Office (DMO) commenced issuance of Promissory Notes (PNs) in January 2020 for outstanding EEG claims for 2007-2016 in favour of Frigoglass Industries (Nigeria) Limited (FINL). FINL received PNs in settlement of outstanding EEG claims in 2020 and 2021

Deferred tax

Deferred tax is the tax expected to be payable on differences between the carrying amounts of liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other liabilities in a transaction that affects neither the tax profit nor the accounting profit. Management has calculated the deferred tax liability based on estimated amounts of underlying transactions. Actual amounts may differ from estimated balances.

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Notes to the consolidated and separate audited financial statements (continued)

COVID-19 Impact

Covid-19 was declared a pandemic by the World Health Organization on 11 March 2020. Faced with this unprecedented global health crisis, Beta Glass Plc's absolute priorities were the safety of its staff, partners and other stakeholders and at the same time protecting the business and mitigate all the Risks during this period. The Company's business levels and earnings were affected by the pandemic especially in Quarter 2 and to a lesser extent in Quarter 3 due to restrictions and lockdown imposed by Federal and State governments to curb the spread of the virus. Quarter 2 reflected the deepest impact of COVID-19 with sales lower by 43% and 46% and profit before tax (PBT) lower by 61% and 52% for Group and Company respectively when compared with same period of last year. Significantly low sales to brewery customers which normally represent around 50% of the Group's top line was largely responsible for the lower performance in Quarter 2. The major impact was due to total lock down and restriction of movement of people and materials in Quarter 2 in Ogun state. However, there was greater support from soft drinks and Cosmetics customers to ameliorate the impact for other customer categories. There were signs of recovery of sales in Quarter 3 with improvement in demand. Quarter 4 was a very healthy performance with Rebound of Sales which was better by 10% for Group and almost at par for the Company versus the same period last year. Below we summarize the specific risks and the impact it had on the company's business.

a. Financial risk management: We have considered the impact of COVID-19 pandemic on market risk, credit risk and liquidity risk and summarized as follows:

- Interest rate risk: Interest rates on local borrowings are still trending in the Pre- COVID-19 direction in a downward direction, so there has not been a major impact of the COVID-19 on borrowings.

- Foreign exchange risk: The economy was faced with a steep devaluation of the Naira during the year and the business was faced with challenges to settle import liabilities due to lack of liquidity in the foreign exchange market. The Group mitigated this risk by settling foreign invoices with the export sales proceeds of USD, and steadily participating in the CBN driven auctions for sale of USD.

- Credit risk: The Group managed very well the Credit risk associated with COVID-19 as receivables from customers were collected in a timely manner, keeping under control the Receivables. Hence, there is no impairment of receivables as a result of COVID-19.

- Liquidity risk: We have considered the potential of liquidity and working capital challenges due to changes in liquidity risk on financial instruments as a result of the pandemic. We have not had working capital challenges arising from the impact of COVID-19.

b. Property, plant and equipment (PPE): The Group operations slowed down in Quarter 2 during the initial lock down restrictions of COVID-19, especially in Ogun state but for a very short period, the normal production resumed afterwards to meet the customers' demand. The useful life of property, plant and equipment was not reassessed as a result of COVID-19 as the impact was considered very short term, immaterial and temporal. No PPE was considered obsolete as a result of COVID-19

c. Inventory and supply chain management: There was Global crisis in supply chain, and delays witnessed in receipt of material, more particularly for imported raw materials. The global supply chain faced intense disruptions across all industries and Geographies due to the COVID-19 restrictions. In view of our preparedness for anticipating delays, the Group managed the inventories efficiently to ensure keeping adequate stock levels to meet the production requirements at most times. No instance of inventory obsolescence as a result of COVID-19.

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Notes to the consolidated and separate audited financial statements (continued)

5	Revenue from contracts with customers	Group		Company	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
	Glass products	25,637,010	29,412,252	-	-
	Packaging for beverages	7,952,850	9,716,062	7,952,850	9,716,062
	Ice cold merchandisers	2,084,921	34,594	2,084,921	34,594
	Servicing of Coolers	904,651	42,157	904,651	42,157
		<u>36,579,432</u>	<u>39,205,065</u>	<u>10,942,422</u>	<u>9,792,813</u>

6	Expenses	2020	2019	2020	2019
		N'000	N'000	N'000	N'000
	Cost of sales				
	Material consumed (Note 16)	(13,865,250)	(14,428,551)	(7,003,342)	(5,735,030)
	Depreciation (Note 15)	(2,828,460)	(2,731,084)	(362,962)	(360,287)
	Depreciation- Right-of-Use asset (Note 15.1)	(24,071)	(24,071)	(24,071)	(24,071)
	Technical assistance fees - Frigoglass Global Limited (Note 25)	(995,999)	(1,130,532)	(170,811)	(204,047)
	Factory salaries and related staff cost (Note 7)	(2,723,644)	(2,380,583)	(478,006)	(255,990)
	Pension costs - defined contribution plans	(184,919)	(159,362)	(38,242)	(18,571)
	Other personnel cost	(102,158)	(62,356)	(102,158)	(62,356)
	Fuel, gas and electricity	(5,726,704)	(5,561,410)	(463,794)	(478,129)
	Other factory overheads	(2,310,358)	(2,550,197)	(385,150)	(288,413)
		<u>(28,761,563)</u>	<u>(29,028,146)</u>	<u>(9,028,536)</u>	<u>(7,426,892)</u>
	Administrative expenses				
	Depreciation (Note 14)	(171,545)	(238,370)	(112,930)	(51,222)
	Amortisation (Note 15)	(11,052)	(9,818)	(5,603)	(904)
	Depreciation- Right-of-use asset (Note 15.1)	(137,794)	(99,350)	-	-
	Auditors remuneration	(45,735)	(48,928)	(19,518)	(21,244)
	Legal and professional fees	(159,707)	(258,954)	(55,824)	(130,648)
	Salaries and related staff cost (Note 7)	(676,897)	(658,862)	(136,956)	(169,874)
	Pension costs - defined contribution plans	(51,221)	(47,838)	(6,435)	(5,237)
	Other personnel cost	(182,751)	(218,059)	(56,872)	(73,711)
	Directors' remuneration (Note 25a)	(9,213)	(8,506)	(9,213)	(8,506)
	Travel and transportation	(133,190)	(169,227)	(59,006)	(57,507)
	Other administrative expenses	(920,318)	(565,967)	(379,026)	(412,209)
		<u>(2,499,423)</u>	<u>(2,323,878)</u>	<u>(841,383)</u>	<u>(931,061)</u>
	Selling and distribution expense	<u>(262,605)</u>	<u>(114,848)</u>	<u>(60,351)</u>	<u>(18,193)</u>
	Total cost of cost of sales, administrative expenses and distribution costs	<u>(31,523,592)</u>	<u>(31,466,873)</u>	<u>(9,930,270)</u>	<u>(8,376,146)</u>

Included in legal and professional fees of the group for the year ended 31 December 2020 is non - audit fees to PricewaterhouseCoopers Limited of N3.5 million being fee payable in relation to Transfer pricing documentation (31 December 2019: N3.0 million)

7	Employee costs	2020	2019	2020	2019
		N'000	N'000	N'000	N'000
	Salaries and related staff cost	(3,400,541)	(3,039,444)	(614,962)	(425,863)
	Pension costs - defined contribution plans	(236,140)	(207,201)	(44,677)	(23,808)
	Other personnel cost	(284,909)	(280,414)	(159,030)	(136,066)
	Total (Note 6)	<u>(3,921,589)</u>	<u>(3,527,058)</u>	<u>(818,669)</u>	<u>(585,737)</u>

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED**Annual report and consolidated financial statement****For the year ended 31 December 2020****Notes to the consolidated and separate audited financial statements (continued)****8 Other income**

	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Profit on disposal of property plant and equipment (Note 24)	133,548	111,485	15,827	1,198
Sundry income	343,771	87,912	34,724	34,239
Dividend income	-	-	516,683	402,208
Sale of scrap and others	85,711	632,394	78,152	111,545
Income from admin Charges	-	27,500	-	27,500
	<u>563,030</u>	<u>859,291</u>	<u>645,386</u>	<u>576,690</u>

Dividend income represents gross amounts received as dividend from Beta Glass Plc.

9 Foreign exchange gain/(loss)

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Realised foreign exchange gain / (loss)	259,217	(81,253)	(194,301)	22,324
Unrealised-foreign exchange gain	4,385,390	851,898	4,553,413	592,411
Net foreign exchange gain	<u>4,644,607</u>	<u>770,645</u>	<u>4,359,112</u>	<u>614,735</u>

10 Finance income and expenses

	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Finance income				
Interest income	2,383,553	2,601,315	2,311,928	2,299,696
Finance cost				
Interest expense	(966,083)	(396,059)	(1,228,108)	(963,512)
Interest on lease liabilities (Note 22)	(15,526)	(19,257)	(15,526)	(19,257)
Finance cost	<u>(981,609)</u>	<u>(415,316)</u>	<u>(1,243,634)</u>	<u>(982,769)</u>
Net finance income	<u>1,401,944</u>	<u>2,185,999</u>	<u>1,068,294</u>	<u>1,316,927</u>

11 Income tax expense

	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Income tax	2,662,704	2,546,042	641,664	70,940
Education tax	198,724	262,787	43,746	66,542
Net income and education tax for the year (Note 20)	<u>2,861,428</u>	<u>2,808,829</u>	<u>685,410</u>	<u>137,482</u>
Deferred tax charged (Note 23a)	997,849	897,553	1,525,943	1,136,586
Tax expense	<u>3,859,277</u>	<u>3,706,381</u>	<u>2,211,353</u>	<u>1,274,067</u>

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Notes to the consolidated and separate audited financial statements (continued)

11 Income tax expense (continued)

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

Effective tax reconciliation

	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Profit before tax	11,682,858	11,535,110	7,084,944	3,924,785
Income tax using the domestic corporation tax rate of 30%	3,504,857	3,460,533	2,125,483	1,177,436
Tax effects of:				
Non chargeable income	(8,063)	(144,498)	(109,208)	(80,442)
Non deductible expenses	154,009	171,451	111,785	103,074
Effect of education tax	198,724	262,787	43,746	66,542
Effect of tax incentive	(38,319)	(72,702)	(8,521)	(21,353)
Minimum tax- prior year	48,067	-	48,067	-
Back duty	-	28,810	-	28,810
Total income tax expense in statement of profit or loss	3,859,277	3,706,381	2,211,353	1,274,067

12 Earnings per share

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

Profit attributable to shareholders of the Group/Company - N'000	7,823,581	7,828,729	4,873,591	2,650,718
Weighted average number of ordinary shares in issue - '000	437,182	437,182	437,182	437,182
Basic earnings per share (Naira)	17.90	17.91	11.15	6.06

Diluted EPS is the same as the Basic EPS as there are no potential securities convertible to ordinary shares.

13 Investment in subsidiary

	Company	
	31 Dec 2020 N'000	31 Dec 2019 N'000
Investment	1,786,130	1,786,130

This relates to a 61.88% investment in Beta Glass Plc, a subsidiary of the Company which is consolidated.

The non controlling interest portion is distributed amongst

	Percentage holding	
	2020	2019
Frigoinvest Holdings B.V	8.17%	8.17%
Stanbic IBTC Nominees Nigeria Limited	6.26%	5.70%
Delta State Ministry of Finance Incorporated	4.45%	4.45%
Others	19.24%	19.8%

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Notes to the consolidated and separate audited financial statements (continued)

14 Intangible assets

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Cost				
As at 1 January	109,526	63,288	48,818	23,129
Additions	5,913	30,318	5,913	9,769
Transfer from related party (Note 2.2 d)	-	26,176	-	26,176
Write off	-	(10,256)	-	(10,256)
As at 31 December	115,438	109,526	54,730	48,818
Accumulated amortisation:				
As at 1 January	73,190	52,493	34,911	23,129
Amortisation charge for the year	11,052	9,818	5,603	904
Transfer from related party (Note 2.2 d)	-	21,135	-	21,134
Write off	-	(10,256)	-	(10,256)
As at 31 December	84,242	73,190	40,514	34,911
Net book values				
At 31 December	31,196	36,336	14,216	13,908

The remaining amortization period of the intangible asset is between 1 and 3 years. Amortization charges are included in administrative expenses

Transfer from related party relates to transfer from Frigoglass West Africa Limited

15 Property plant and equipment (See pages 55 - 56)

15.1 Right of use asset (see page 57)

16 Inventories

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Raw materials	3,277,398	3,024,419	542,229	416,902
Work-in-progress	377,905	384,018	118,862	311,533
Finished goods	2,408,424	3,051,761	420,938	1,838,632
Spare parts and consumables	1,996,802	2,050,218	278,098	604,080
	8,060,529	8,510,416	1,360,127	3,171,148
Goods in transit	1,419,161	1,235,277	665,333	29,698
	9,479,690	9,745,693	2,025,460	3,200,845

Analysis of value of inventories included in cost of sales and charged to profit or loss is as follows:

	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Cost of inventories included in cost of sales (Note 6)	13,865,250	14,428,551	7,003,342	5,735,030

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17 Trade and other receivables

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Trade receivables	5,781,821	6,430,241	1,047,275	1,235,035
Unutilised Negotiable Duty Credit Certificates (Note 4)	1,017,817	1,017,817	-	-
EEG receivable (Note 4)	1,842,864	1,832,231	-	69,166
Other Prepayments	396,164	480,159	183,009	231,588
Prepayment - short term lease	49,581	53,862	16,980	24,039
Other receivables	1,100,275	1,130,649	984,307	772,001
Staff advances	227,769	215,558	47,595	45,986
Due from related companies (Note 25)	27,662,841	20,988,260	26,563,033	19,944,404
	38,079,132	32,148,777	28,842,199	22,322,219
Allowance for expected credit loss (Note 17.2)	(66,233)	(83,669)	(8,171)	(8,171)
Total	38,012,899	32,065,108	28,834,028	22,314,048

Other receivables include Withholding tax receivable and insurance claim receivables

Other Prepayment includes prepaid Insurance, prepaid microsoft license and others

Trade receivables are non- interest bearing and are generally on payment terms of 30 - 90 days

Group	2020	2020	2020	2019	2019	2019
	Trade Receivable	Staff Receivable	Related Party Receivable	Trade Receivable	Staff Receivable	Related Party Receivable
	N'000	N'000	N'000	N'000	N'000	N'000
Gross	5,781,821	227,769	27,662,841	6,430,241	215,558	20,988,260
ECL	(17,875)	(1,053)	(47,305)	(23,951)	(5,882)	(53,836)
Net	5,763,946	226,716	27,615,536	6,406,291	209,676	20,934,424
Company	2020	2020	2020	2019	2019	2019
	Trade Receivable	Staff Receivable	Related Party Receivable	Trade Receivable	Staff Receivable	Related Party Receivable
	N'000	N'000	N'000	N'000	N'000	N'000
Gross	1,047,275	47,595	26,563,033	1,235,035	45,986	19,944,404
ECL	(8,171)	-	-	(8,171)	-	-
Net	1,039,104	47,595	26,563,033	1,226,864	45,986	19,944,404

17.2 Summary of movement in ECL

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
As at 1 January				
Trade Receivable	23,951	22,434	8,171	7,937
Staff Receivable	5,882	5,882	-	-
Related Party Receivable	53,836	36,335	-	-
	83,669	64,651	8,171	7,937
Net impairment (gain) / loss for the year				
Trade Receivable	(6,076)	1,516	-	234
Staff Receivable	(4,829)	-	-	-
Related Party Receivable	(6,531)	17,501	-	-
	(17,436)	19,017	-	234
As at 31 December	66,233	83,669	8,171	8,171
Analysis of closing balance				
Trade Receivable	17,875	23,950	8,171	8,171
Staff Receivable	1,053	5,882	-	-
Related Party Receivable	47,305	53,836	-	-
	66,233	83,669	8,171	8,171

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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Notes to the consolidated and separate audited financial statements (continued)

17 Trade and other receivables (continued)

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
17.3 Trade and other receivable for cashflow purpose				
Trade and other receivables	38,012,899	32,065,108	28,834,028	22,314,048
Withholding tax utilised for tax payment	408,997	40,221	101,499	40,221
Expected credit loss / (gain) to income statement	(17,436)	19,017	-	234
Expected credit loss (ECL) to retained earnings	-	-	-	-
Right-of-use asset reclassified from prepayment	-	22,611	-	-
Unrealised Exchange (gain) /loss	(3,924,321)	(461,907)	(4,553,413)	(614,993)
Transfer from Frigoglass West Africa Limited	-	(1,279,510)	-	(1,279,510)
Trade and other receivables for Cashflow Statement	<u>34,480,138</u>	<u>30,405,541</u>	<u>24,382,111</u>	<u>20,460,001</u>

18 Cash and cash equivalents

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Cash at bank	13,262,868	12,472,716	1,665,214	2,289,446
Cash in hand	1,609	1,461	1,009	987
Cash in hand and at bank	<u>13,264,477</u>	<u>12,474,177</u>	<u>1,666,223</u>	<u>2,290,433</u>

19 Trade and other payables

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Trade creditors	4,727,709	5,587,732	425,051	257,660
Contract liabilities	227,611	266,017	-	-
Other creditors and accruals	3,688,451	3,370,292	1,148,958	1,519,334
Dividend payable	770,269	-	644,254	-
Due to related companies (Note 25)	1,657,933	2,723,327	4,167,798	5,019,841
	<u>11,071,973</u>	<u>11,947,368</u>	<u>6,386,061</u>	<u>6,796,835</u>

All trade payables are due within twelve (12) months.

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19 Trade and other payables (continued)

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
19.1 Trade and Other payables for Cashflow Statement				
Trade and other payables	11,071,973	11,947,368	6,386,061	6,796,835
Unclaimed dividend received	(32,443)	(31,018)		-
Unpaid dividend			(644,254)	
Transfer from related party	-	(7,714,555)	-	(7,714,555)
	<u>11,039,530</u>	<u>4,201,795</u>	<u>5,741,807</u>	<u>(917,720)</u>

20 Tax payable

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
The movement in tax payable is as follows:				
At 1 January	3,214,068	2,048,603	329,149	1,084,462
Provision for the year (Note 11)	2,861,428	2,808,828	685,410	137,482
WHT credit note utilised during the year	(408,997)	(40,221)	(101,499)	(40,221)
Payment during the year	(2,433,428)	(1,603,142)	(66,687)	(852,574)
At 31 December	<u>3,233,071</u>	<u>3,214,068</u>	<u>846,373</u>	<u>329,149</u>

21 Borrowings

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Short term borrowings	5,178,980	3,042,184	1,058,085	74,731
	<u>5,178,980</u>	<u>3,042,184</u>	<u>1,058,085</u>	<u>74,731</u>
Reconciliation of short term borrowings:				
Borrowing as at 1 January 2019	3,042,184	1,624,630	74,731	526,045
Repayment during the year	(3,042,184)	(1,624,630)	(74,731)	(526,045)
Addition during the year	5,178,980	3,042,184	1,058,085	74,731
Borrowing as at 31 December 2020	<u>5,178,980</u>	<u>3,042,184</u>	<u>1,058,085</u>	<u>74,731</u>

Short term borrowings represents Banker Acceptance from a commercial Bank for the importation of raw materials at an average interest rate of 5.4% - 9% payable within 30 to 90 days.

22 Lease liabilities

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
As at 1 January	115,541	96,284	115,541	96,284
Additions	-	-	-	-
Accretion of interest (Note 10)	15,526	19,257	15,526	19,257
As at 31 December	<u>131,067</u>	<u>115,541</u>	<u>131,067</u>	<u>115,541</u>
Current	<u>100,933</u>	<u>22,385</u>	<u>100,933</u>	<u>22,385</u>
Non-Current	<u>30,134</u>	<u>93,156</u>	<u>30,134</u>	<u>93,156</u>

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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For the year ended 31 December 2020**

Notes to the consolidated and separate audited financial statements (continued)

23 a Deferred tax liabilities

The analysis of deferred tax liability is as follows:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Deferred tax liability:				
To be recovered after 12 months	6,440,862	5,443,013	4,479,246	2,953,303
	<u>6,440,862</u>	<u>5,443,013</u>	<u>4,479,246</u>	<u>2,953,303</u>

The movement in deferred tax liability is as follows:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
At start	5,443,013	5,572,797	2,953,303	2,844,054
Changes during the year:				
- Charged to profit or loss (Note 11)	997,849	897,553	1,525,943	1,136,586
- Deferred tax asset transferred from related party (Note 2.2)	-	(1,027,337)	-	(1,027,337)
At end of the year	<u>6,440,862</u>	<u>5,443,013</u>	<u>4,479,246</u>	<u>2,953,303</u>

	Group			Company		
	Fixed assets	Provisions	Total	Fixed assets	Provisions	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	3,081,730	2,491,067	5,572,797	432,002	2,412,052	2,844,054
Charged to profit or loss and OCI (included here is DTA from a related party)	(228,219)	98,434	(129,784)	86,799	22,449	109,249
At 31 December 2019	<u>2,853,511</u>	<u>2,589,501</u>	<u>5,443,013</u>	<u>518,801</u>	<u>2,434,501</u>	<u>2,953,303</u>
Charged to profit or loss and OCI	(502,784)	1,500,633	997,849	(55,984)	1,581,927	1,525,943
At 31 December 2020	<u>2,350,727</u>	<u>4,090,134</u>	<u>6,440,862</u>	<u>462,817</u>	<u>4,016,428</u>	<u>4,479,246</u>

23b Share capital

Authorised:

	2020	2019
	N'000	N'000
1,000,000,000 ordinary shares of 50kobo each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid:		
437, 181,868 ordinary shares of 50k each	<u>218,591</u>	<u>218,591</u>

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED**Annual report and consolidated financial statement
For the year ended 31 December 2020****Notes to the consolidated and separate audited financial statements (continued)****24 Cash generated from / (used in) operating activities**

	Note	Group		Company	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
Cash flows from operating activities					
Profit before tax		11,682,858	11,535,110	7,084,944	3,924,785
Adjustment for:					
Depreciation of Property, plant and equipment	15	3,000,005	2,969,455	475,892	411,508
Depreciation of Right-of-use asset	15.1	161,865	123,421	24,071	24,071
Write off of Net book value of PPE	15	23	-	-	-
Profit on disposal of property, plant and equipment	8	(133,548)	(111,485)	(15,827)	(1,198)
Amortisation charges	14	11,052	9,818	5,603	904
Finance income	10	(2,383,553)	(2,601,315)	(2,311,928)	(2,299,696)
Finance expense	10	966,083	396,059	1,228,108	963,512
Interest on lease liabilities	10	15,526	19,257	15,526	19,257
Net unrealised Exchange gain	9	(4,385,390)	(851,898)	(4,553,413)	(592,411)
Allowance for expected credit losses (Note 17.2)	17.2	(17,436)	19,017	-	234
Changes in working capital:					
(Increase) / Decrease in trade and other receivables		(2,415,030)	1,447,735	(2,068,063)	3,391,182
Decrease in inventory		266,003	1,121,675	1,175,385	1,426,784
(Decrease) in trade and other payables		(907,838)	(8,830,251)	(1,055,028)	(7,776,196)
Net cash generated from / (used in) operations		5,860,620	5,246,598	5,270	(507,264)
Cost of asset disposed (Note 15)		602,236	1,747,291	451,309	23,219
Accumulated depreciation of asset disposed (Note 15)		(586,048)	(1,740,643)	(451,127)	(22,016)
Profit on disposal of property, plant and equipment (Note 8)		133,548	111,485	15,827	1,198
Proceeds from disposal of property, plant and equipment		149,736	118,134	16,009	2,401

25 Related parties

Frigoglass Industries (Nigeria) Limited "the Group" is owned by Frigoinvest Holdings B.V Netherlands with over 70% of its shares. The ultimate parent company is Frigoglass S.A.I.C and the Group is thus related to other subsidiaries of Frigoglass S.A.I.C through common shareholdings or common directorships. Transactions arising from dealings with related parties are as detailed below.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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Notes to the consolidated and separate audited financial statements (continued)

25 Related parties (continued)

The following companies are related parties of Frigoglass Industries (Nigeria) Limited:

Frigoglass S.A.I.C - Ultimate parent and ultimate controlling party

Beta Glass Plc. - Subsidiary company

Frigoinvest Holding B.V. Netherlands - Intermediate parent company

Nigerian Bottling Company - Shareholder

A.G. Leventis Nigeria Limited - Common directorship

a Remuneration of key management personnel

Key management personnel includes the Board of directors (executive and non executive) and members of the Executive Committee .

The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Fees for services as directors	850	850	850	850
Salaries and wages	8,363	7,656	8,363	7,656
	9,213	8,506	9,213	8,506

Fees for services as directors include fees, sitting allowance and travel expenses. The Managing Director and Chief Financial Officer are the only member of management team on the board. Managing Director earns salaries from the company while Chief Financial Officer earns salary from the Beta Glass Plc, subsidiary of the company.

b The number of directors of the Company based on range emolument is as below:

	2020 Number	2019 Number	2020 Number	2019 Number
N150,001 - N300,000	-	-	-	-
> N300,000	2	2	2	2
	2	2	2	2
Directors with no emoluments	2	2	2	2

Director with no emoluments waived their right to receive remuneration from the company.

	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Amount paid to the highest paid director	7,656	6,615	7,656	6,615
Amount paid to Chairman	-	-	-	-

c Transactions with related parties

The following transactions took place between the Company and its related parties during the year:

c(i) Sales of goods

	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Sales of goods: Nigerian Bottling Company	14,930,601	10,963,993	8,757,138	6,404,231

Goods are sold based on the price lists in force and credit period ranges from 30 to 60 days. Accordingly, they are at arms length.

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Notes to the consolidated and separate audited financial statements (continued)

25 Related parties (continued)

c(ii) Purchases of services

	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Purchase of services:				
Frigoglass Global Limited (Note 6)	995,999	1,130,532	170,811	204,047
A.G. Leventis Nigeria Limited	743,534	440,292	104,715	64,210
	<u>1,739,533</u>	<u>1,570,824</u>	<u>275,526</u>	<u>268,257</u>

The transaction with Frigoglass Global Limited was for the supply of technical know how to Beta Glass Plc and Frigoglass Industries (Nigeria) Limited. The technical know how fee represents 3% and 2% of net sales from production activities of Beta Glass Plc and Frigoglass Industries Nigeria Limited respectively as approved by the National Office for Technology Acquisition and Promotion (NOTAP) certificate numbers 005524 and 006914 for Beta Glass Plc with maturity profile of three (3) years from 1 January 2019 to 31 December 2021 and certificates number 006559 for Frigoglass Industries Nigeria Limited with maturity profile of three (3) years from 1 January 2018 to 31 December 2020 respectively. Also included in the technical service charge for the year is Value Added Tax (VAT) at 7.5% (2019: 5%) paid on the technical know how fee.

Transactions with A.G. Leventis Plc are for the provision of haulage services, lease of properties and provision of secretariat services. The amount charged for the year is included in the other administrative expenses under administrative expenses.

Purchases are from companies with common ultimate parent and ultimate controlling party. The purchases are at prices comparable to those obtainable from third parties.

d Due to related companies

This represents balance due to related parties as at year end:

		Group	
Description		2020 N'000	2019 N'000
Frigoglass SAIC	Purchase of goods and services	154,149	87,666
Frigoglass South Africa	Purchase of goods and services	69,763	357,170
Frigoglass Indonesia	Purchase of goods and services	341,220	1,096,194
Frigoglass Romania -Plant	Purchase of goods and services	173,579	243,690
Frigoglass Eurasia	Purchase of goods and services	23,085	10,505
A.G. Leventis Nigeria Limited	Purchase of goods and services	57,795	5,621
Frigoglass India	Purchase of goods and services	340,937	25,947
Frigoglass Global	Purchase of services	497,405	896,534
		<u>1,657,933</u>	<u>2,723,327</u>

		Company	
Description		2020 N'000	2019 N'000
Beta Glass Plc	Intercompany treasury and current balances	3,017,182	3,160,614
Frigoglass India	Purchase of goods and services	340,937	25,947
Frigoglass SAIC	Purchase of goods and services	92,638	56,490
Frigoglass South Africa	Purchase of goods and services	69,763	357,170
Frigoglass Indonesia	Purchase of goods and services	341,220	1,096,194
Frigoglass Romania -Plant	Purchase of goods and services	173,579	243,690
Frigoglass Eurasia	Purchase of goods and services	23,085	10,505
A.G. Leventis Nigeria Limited	Purchase of services	6,559	2,394
Frigoglass Global Limited	Purchase of services	102,835	66,837
		<u>4,167,798</u>	<u>5,019,841</u>

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Notes to the consolidated and separate audited financial statements (continued)

25 Related parties (continued)

e Due from related companies

This represents the balance due from related parties as at year end:

		Group	
		2020	2019
		N'000	N'000
	Description		
Frigoinvest Holdings B.V	Intercompany loan and other receivables	24,854,107	18,424,749
Nigeria Bottling Co (NBC)	Intercompany receivables	2,808,734	2,563,511
		<u>27,662,841</u>	<u>20,988,260</u>
		Company	
		2020	2019
		N'000	N'000
	Description		
Frigoinvest Holdings B.V	Intercompany loan and other receivables	24,854,107	18,424,749
Nigeria Bottling Co (NBC)	Sales of bottles and purchase of cullet	1,708,926	1,519,655
		<u>26,563,033</u>	<u>19,944,404</u>

The receivables from related parties arose mainly from loan and sale transactions which are due two months after the date of sales. The loan receivable bears interest at Euribor + 8.5% and repayable on demand while sales receivables are unsecured in nature and bear no interest.

The payables to related parties arose mainly from purchase transactions due within 30 to 60 days after the date of purchase. The payables bear no interest.

26 Contingent liabilities

The group is presently involved in five (5) litigation suits as at 31 December 2020 (2019: 5). The claims against the group from the suits amount to N7.23 billion (31 December 2019: N7.23 billion) as of reporting date. No provision has been made for these claims. Based on legal advice, the directors believe that no significant loss will eventuate.

Guarantee on behalf of Frigoglass Finance B.V.

On February 12, 2020, Frigoglass Finance B.V. (the "Issuer") issued €260.0 million (N131 billion) in aggregate principal amount of 6.875% senior secured notes due 2025 (the "Notes") to restructure the existing loan and note. The Notes are guaranteed on a senior secured basis by Frigoglass S.A.I.C., Beta Glass, Frigoglass Industries (Nigeria) Limited and certain other subsidiaries of the Frigoglass Group (the "Guarantors") and secured by certain assets of the Issuer and certain of the Guarantors. The Notes mature on February 12, 2025. The Notes are secured by a pledge over the shares of Frigoglass Industries (Nigeria) Limited and Beta Glass held by Frigoinvest Holdings B.V. (the "Share Pledge"). The aggregate amount of the secured obligations in respect of the Share Pledge is limited to €175.0 million (N88 billion). The loan and note as at December 2019 amounting to €161 million (N81 billion) and were restructured in February 2020.

27 Capital commitments

The company had no capital commitments as at 31 December 2020 (31 December 2019: Nil).

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Notes to the consolidated and separate audited financial statements (continued)

28 Subsequent events

There were no subsequent events which could have had a material effect on the state of affairs of the company as at 31 December 2020 and on the profit for the year ended on that date which have not been adequately provided for or recognised in these financial statements.

Coronavirus pandemic and 2021 outlook

COVID 19 is a global pandemic as already declared by World Health Organisation (WHO) on 11th March 2020 and the crisis impacted adversely most businesses in 2020. However, there was sign of relieve towards the end of the year 2020 with development of vaccine against the virus. Nigerian government and world at large has continued to introduce measures to curtail the spread of the virus. Business has significantly resumed and gradually returning to normal in 2021. Group operations has also returned to normal and accelerating to full operation in 2021.

29 Compliance with regulatory requirements

There was no penalty for non-compliance matters with respect to regulatory requirements for the year ended 31 December 2020 (31 December 2019: Nil).

30 Particulars of staff

The average number of persons, excluding directors, employed by the group and company during the year was as follows:

	Group		Company	
	2,020	2019	2020	2019
	Number	Number	Number	Number
Management	349	332	22	25
Factory	422	459	79	88
Sales and Administration	11	10	2	1
	782	801	103	114

The number of the employees in Nigeria with gross emoluments excluding retirement benefits within the bands stated below were:

	Group		Company	
	2,020	2019	2020	2019
	Number	Number	Number	Number
N800,001 - N1,000,000	14	20	12	14
N1,000,001 - N1,200,000	88	81	10	6
N1,200,001 - N1,400,000	74	76	5	8
N1,400,001 - N1,600,000	24	28	6	6
N1,600,001 - N1,800,000	14	22	5	8
N1,800,001 - N2,000,000	32	63	6	4
N2,000,001 - N2,500,000	149	153	18	29
N2,500,001 - N3,000,000	143	147	13	14
Over N3,000,000	244	211	28	25
	782	801	103	114

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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Notes to the consolidated and separate audited financial statements (continued)

15 Property, plant and equipment

Group - 31 December 2020	Land N'000	Building N'000	Plant and machinery N' 000	Furniture fittings and equipment N' 000	Motor vehicles N' 000	Assets under construction N' 000	Total N' 000
Cost:							
At 1 January 2019	168,540	1,965,009	31,761,362	774,056	1,026,467	9,640,298	45,335,733
Additions	-	245,461	1,693,585	126,982	182,101	5,049,001	7,297,130
Disposals	-	-	(1,595,230)	(4,288)	(147,773)	-	(1,747,291)
Reclassifications	-	48,554	586,365	65,003	51,840	(751,762)	-
Transfers from related party (Note 2.2d)	12,000	216,958	392,292	92,290	227,175	-	940,715
At 31 December 2019	180,540	2,475,982	32,838,374	1,054,043	1,339,810	13,937,537	51,826,286
At 1 January 2020	180,540	2,475,982	32,838,374	1,054,043	1,339,810	13,937,537	51,826,286
Additions	-	15,226	957,126	41,641	676	2,362,411	3,377,080
Disposals	-	(31,788)	(422,726)	(80,299)	(67,423)	-	(602,236)
Write off	-	-	(2,769,132)	(170,120)	(100,771)	-	(3,040,023)
Reclassifications	-	-	251,529	(85,233)	-	(166,296)	-
At 31 December 2020	180,540	2,459,420	30,855,171	760,033	1,172,291	16,133,652	51,561,106
Depreciation:							
At 1 January 2019	-	640,116	23,865,335	677,817	638,767	-	25,822,035
Charge for the year	-	74,921	2,720,472	59,388	114,673	-	2,969,455
On disposals	-	-	(1,589,785)	(3,326)	(147,532)	-	(1,740,643)
Reclassifications	-	14,147	(267,408)	11,380	241,881	-	-
Transfers from related party (Note 2.2d)	-	104,230	331,028	68,182	178,413	-	681,853
At 31 December 2019	-	833,414	25,059,642	813,442	1,026,202	-	27,732,701
At 1 January 2020	-	833,414	25,059,642	813,442	1,026,202	-	27,732,701
Charge for the year	-	94,368	2,611,240	130,896	163,501	-	3,000,005
On disposals	-	(31,788)	(406,591)	(80,585)	(67,085)	-	(586,048)
Write off	-	-	(2,769,123)	(170,107)	(100,771)	-	(3,040,001)
Reclassifications	-	-	38,500	(38,500)	-	-	-
At 31 December 2020	-	895,994	24,533,668	655,146	1,021,848	-	27,106,657
Net book value:							
At 31 December 2020	180,540	1,563,426	6,321,503	104,887	150,443	16,133,652	24,454,449
At 31 December 2019	180,540	1,642,568	7,778,732	240,601	313,607	13,937,537	24,093,586

Transfer from related party relates to transfer from Frigoglass West Africa Limited

Assets under construction represents value of capital work in progress. On completion, the assets will be capitalized and subsequently depreciated.

Depreciation expenses were charged as follows:

	2020 N' 000	2019 N' 000
Cost of sales	2,828,460	2,731,084
Administrative expenses	171,545	238,370
Total	3,000,005	2,969,454

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

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Notes to the consolidated and separate audited financial statements (continued)

15 Property, plant and equipment (continued)

Company - 31 December 2020

	Land N'000	Building N'000	Plant and machinery N' 000	Furniture fittings and equipment N' 000	Motor vehicles N' 000	Assets under construction N' 000	Total N' 000
Cost:							
At 1 January 2019	-	124,459	4,323,901	323,682	229,481	297,463	5,298,986
Additions	-	61,575	388,166	27,380	43,212	161,586	681,919
Disposals	-	-	(6,985)	(4,269)	(11,965)	-	(23,219)
Reclassifications	-	-	282,070	1,260	8,190	(291,520)	-
Transfers from related party (Note 2.2d)	12,000	216,958	392,292	92,290	227,175	-	940,715
At 31 December 2019	12,000	402,992	5,379,444	440,343	496,093	167,529	6,898,401
At 1 January 2020	12,000	402,992	5,379,444	440,343	496,093	167,529	6,898,401
Additions	-	850	129,829	14,478	676	152,532	298,365
Disposals	-	(31,788)	(367,828)	(26,884)	(24,809)	-	(451,309)
Reclassifications	-	-	142,823	23,473	-	(166,296)	-
At 31 December 2020	12,000	372,054	5,284,268	451,410	471,960	153,765	6,745,457
Depreciation:							
At 1 January 2019	-	35,825	2,835,150	280,684	151,633	-	3,303,292
Charge for the year	-	16,646	337,591	19,606	37,666	-	411,509
On disposals	-	-	(6,985)	(3,307)	(11,724)	-	(22,016)
Transfers from related party (Note 2.2d)	-	104,230	331,028	68,182	178,413	-	681,853
At 31 December 2019	-	156,701	3,496,784	365,165	355,988	-	4,374,637
At 1 January 2020	-	156,701	3,496,784	365,165	355,988	-	4,374,638
Charge for the year	-	25,571	344,432	72,281	33,608	-	475,892
On disposals	-	(31,788)	(367,533)	(27,176)	(24,630)	-	(451,127)
At 31 December 2020	-	150,484	3,473,683	410,270	364,966	-	4,399,403
Net book value:							
At 31 December 2020	12,000	221,570	1,810,585	41,140	106,994	153,765	2,346,054
At 31 December 2019	12,000	246,291	1,882,660	75,177	140,105	167,529	2,523,764

Transfer from related party relates to transfer from Frigoglass West Africa Limited

Assets under construction represents value of capital work in progress. On completion, the assets will be capitalized and subsequently depreciated.

Depreciation expenses were charged as follows:

	2020 N' 000	2019 N' 000
Cost of sales	362,962	360,287
Administrative expenses	112,930	51,222
Total	475,892	411,509

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Notes to the consolidated and separate audited financial statements (continued)

15.1 Right of use Asset

Group - 31 December	Building	
	2020 N'000	2019 N' 000
Cost or valuation:		
At 1 January	225,164	118,895
Additions	147,192	106,269
At 31 December	372,356	225,164
Depreciation:		
At 1 January	123,421	-
Charge for the year	161,865	123,421
At 31 December	285,286	123,421
Net book value:		
At 31 December	87,070	101,743

The depreciation charges for the year included in cost of sales and administration expenses are N24.07 million (2019: N24.07million) and N137.79 million (2019: N99.35 million) respectively

The Group had total cash outflows for leases of N147.19 million in 2020. (2019: N106.26 million)

15.1 Right of use Asset

Company - 31 December	Building	
	2020 N'000	2019 N' 000
Cost:		
At 1 January	96,284	96,284
Additions	-	-
At 31 December	96,284	96,284
Depreciation:		
At 1 January	24,071	-
Charge for the year	24,071	24,071
At 31 December	48,142	24,071
Net book value:		
At 31 December	48,142	72,213

The depreciation charges of N24.07 million (2019: N24.07 million) for the year is included in cost of sales

The Company had no cash outflows for lease during the year.

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Statement of value added - Group For the year ended 31 December 2020

	Note	2020 N'000	%	2019 N'000	%
Revenue	5	36,579,432		39,205,065	
Finance income	10	2,383,553		2,601,315	
Other income	8	563,030		859,291	
Net foreign exchange gain	9	4,644,607		770,645	
		44,170,622		43,436,315	
Bought in materials and services					
- Imported		(10,987,379)		(9,995,411)	
- Local		(13,586,130)		(14,984,147)	
Value added		19,597,113	100	18,456,758	100
Applied as follows:					
			%		%
To pay employees:					
- Wages, salaries and other benefits	7	3,921,589	20.0	3,527,058	19.1
To pay providers of capital:					
- Finance cost	10	981,609	5.0	415,316	2.3
To pay government:					
- Income tax expense	11	3,859,277	19.7	3,706,381	20.1
To provide for enhancement of assets and growth:					
- Depreciation of plant, property and equipment	15	3,000,005	15.3	2,969,455	16.1
- Amortization of intangible assets	14	11,052	0.1	9,818	0.1
- Profit for the year from continued operations		7,823,581	39.9	7,828,729	42.4
Value added		19,597,113	100	18,456,758	100

“Value added” is the measure of wealth the company has created in its operations by “adding value” to the cost of products and services. The statement above summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out above is the amount retained and re-invested in the Group for the replacement of assets and the further development of operations.

Note: Statement of value added is not a required disclosure under IFRS

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Statement of value added - Company For the year ended 31 December 2020

	Note	2020 N'000	%	2019 N'000	%
Revenue	5	10,942,422		9,792,813	
Finance income	10	2,311,928		2,299,696	
Other income	8	645,386		576,690	
Net foreign exchange gain	9	4,359,112		614,735	
		18,258,848		13,283,934	
Bought in materials and services					
- Imported		(5,536,415)		(3,048,836)	
- Local		(3,093,691)		(4,403,287)	
Value added		9,628,742	100	5,905,704	100
Applied as follows:					
			%		%
To pay employees:					
- Wages, salaries and other benefits	7	818,669	8.5	585,737	9.9
To pay providers of capital:					
- Finance cost	10	1,243,634	12.9	982,769	16.6
To pay government:					
- Income tax expense	11	2,211,353	23.0	1,274,067	21.6
To provide for enhancement of assets and growth:					
- Depreciation of plant, property and equipment	15	475,892	4.9	411,509	7.0
- Amortization of intangible assets	14	5,603	0.1	904	1.0
- Profit for the year from continued operations		4,873,591	50.6	2,650,718	44.9
Value added		9,628,742	100	5,905,704	100

“Value added” is the measure of wealth the company has created in its operations by “adding value” to the cost of products and services. The statement above summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out above is the amount retained and re-invested in the company for the replacement of assets and the further development of operations.

Note: Statement of value added is not a required disclosure under IFRS

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Five-year financial summary - Group For the year ended 31 December 2020

	2,020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
Assets employed					
Non-current assets	24,572,715	24,231,665	19,524,492	13,311,405	11,937,899
Current assets	60,757,066	54,284,978	51,267,751	45,778,410	37,370,630
Non-current liabilities	(6,470,996)	(5,536,169)	(5,572,797)	(6,678,056)	(6,891,712)
Current liabilities	(19,584,957)	(18,226,005)	(16,705,280)	(11,582,072)	(8,619,055)
Net assets	59,273,828	54,754,469	48,514,167	40,829,687	33,797,762
Capital employed					
Ordinary share capital	218,591	218,591	218,591	218,591	218,591
Share premium	16,330	16,330	16,330	16,330	16,330
Other reserves	2,429,942	2,429,942	2,429,942	2,429,942	2,429,942
Retained earnings	42,444,578	38,928,443	34,567,630	28,591,873	22,959,019
Non controlling interest	14,164,387	13,161,163	11,281,673	9,572,951	8,173,880
Total equity	59,273,828	54,754,469	48,514,167	40,829,687	33,797,762
	2,020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
Turnover	36,579,432	39,205,065	36,762,836	31,255,164	25,814,644
Profit before income tax	11,682,858	11,535,110	11,426,617	10,335,411	10,476,246
Income tax expense	(3,859,277)	(3,706,381)	(3,502,840)	(3,204,691)	(3,096,086)
Profit for the year	7,823,580	7,828,728	7,923,776	7,130,719	7,380,160
Total comprehensive income	7,823,581	7,828,729	7,923,777	7,172,122	7,380,160
Per share data					
Earnings per share (Naira)	17.90	17.91	18.12	16.31	16.88
Net assets per share (Naira)	135.58	125.24	110.97	93.39	77.31

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

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

Note: Five year financial summary is not a required disclosure under IFRS

FRIGOGLASS INDUSTRIES (NIGERIA) LIMITED

Five-year financial summary - Company

For the year ended 31 December 2020

	2,020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Assets employed					
Non-current assets	4,194,542	4,396,015	3,781,824	3,220,087	3,190,759
Current assets	32,525,711	27,805,326	28,153,120	25,226,941	17,237,709
Non-current liabilities	(4,509,380)	(3,046,459)	(2,844,054)	(2,654,508)	(2,173,002)
Current liabilities	(8,391,452)	(7,223,100)	(8,468,983)	(8,372,633)	(4,197,350)
Net assets	23,819,421	21,931,782	20,621,907	17,419,887	14,058,116
Capital employed					
Ordinary share capital	218,591	218,591	218,591	218,591	218,591
Share premium	16,330	16,330	16,330	16,330	16,330
Retained earnings	23,584,500	21,696,861	20,386,986	17,184,966	13,823,195
Total equity	23,819,421	21,931,782	20,621,907	17,419,887	14,058,116
	2,020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Turnover	10,942,422	9,792,813	10,441,821	9,068,905	6,723,452
Profit before income tax	7,084,944	3,924,785	4,569,484	4,783,872	5,372,378
Income tax expense	(2,211,353)	(1,274,067)	(1,367,464)	(1,465,093)	(1,680,225)
Profit for the year	4,873,591	2,650,718	3,202,020	3,318,779	3,692,153
Total comprehensive income	4,873,591	2,650,718	3,202,020	3,315,201	3,718,734
Per share data					
Earnings per share (Naira)	11.15	6.06	7.32	7.59	8.45
Net assets per share (Naira)	54.48	50.17	47.17	39.85	32.16

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

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

Note: Five year financial summary is not a required disclosure under IFRS